Austria ... Sch. 15	Indonesia .. Rp 1500	Philippines . Pes. 20
Bahrain .. Din 0.650	Italy ...... L 1100	Portugal ... Esc 65
Belgium ... BFr 35	Japan Y550	S. Arabia .. Rls 6.00
Canada ... C$2.50	Jordan ... Fils 500	Singapore . S$ 4.10
Denmark ... DKr 7.00	Kuwait ... Fils 500	Spain ..... Pta 95
Egypt .... E£1.00	Lebanon .. L£ 6.00	Sweden .. SKr 6.50
Finland .. Fmk 5.00	Luxembourg . LFr 35	Switzerland . SwFr 2
France .. FFr 5.00	Malaysia .. Rm 4.25	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 130
Greece ..... Dr 55	Netherlands . Fl 2.25	U.A.E. ... Dh 6.00
India .... Rup. 15	Norway .. NKr 6.00	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Unemployment: growth alone will not solve the problem, Page 13

NEWS SUMMARY

GENERAL

Blow to Gandhi in state elections

Premier Indira Gandhi received a serveve jolt when her Congress (I) trailed hopelessly behind regional parties in India's mini-election.

It looked certain last night she would lose in all three states where polling for the legislatures took place on Wednesday.

Congress (I) took a hammering in the southern states of Andhra and Karnataka, both traditional strongholds for Mrs Gandhi. In the north east state of Tripura the ruling Marxist party took a winning lead. Page 14

Pipeline bombed

Zimbabwe's fuel crisis deepened yesterday when South African-backed Mozambiquan guerrillas blew up the Beira to Mutare oil pipeline again a few days before it was to resume pumping. Page 3

Extradition move

West Germany has agreed to extradite Musa Cedar Celebi, a Turk suspected by Italian authorities of involvement in the attempt to kill the Pope.

Vogel in Washington

West Germany's Social Democratic leader Hans-Jochen Vogel held talks in Washington on his party's commitment to basing U.S. nuclear missiles on German soil.

Massachusetts order

Massachusetts legislature has told pension funds of state employees to dispose of investments in U.S. companies doing business in South Africa.

Greenpeace attacked

Greenpeace vessel Sirius was hit by tear gas grenades fired by French police as it entered Cherbourg port to protest at the arrival of a freighter carrying nuclear waste from Japan.

Mao's widow hope

Chinese legal official said indications are growing that Mao Tse Tung's widow Jiang Qing, whose suspended death sentence is to be reviewed this month, will be reprieved.

Gangster strike

Florence city council has asked citizens to hold a general strike today to protest against the transfer of 500 gangsters from Naples to a local prison.

Sadat family wealth

An Egyptian prosecutor estimated the family assets of the late President Anwar Sadat's brother Ismat Sadat, who is on trial for fraud, at $148m.

Soviet UFO report

A Soviet newspaper said the existence of unidentified flying objects should not be ruled out and revealed that a Soviet fighter plane hit a mystery object two years ago.

Pisa warning

The Leaning Tower of Pisa leaned another millimetre last year, and will collapse unless Italy's Government takes urgent action, Pisa's mayor said.

Briefly ...

Israel is setting up a space agency and plans to launch a communications satellite.

China banned imports of pornographic videotapes and taped religious propaganda.

Hawaii's volcano Kilanea erupted twice.

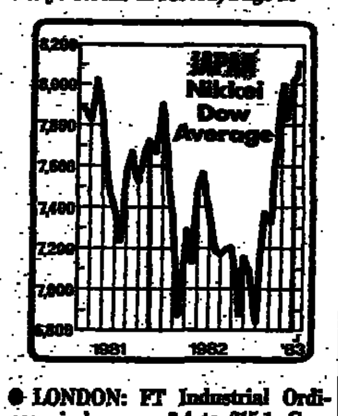
BUSINESS

Wall St stocks close at new high

● WALL STREET. The Dow Jones Index closed a record 26.03 up at 1,070.92.

The rally was fuelled by interest in energy and mining issues and volume was heavy. Page 20

● TOKYO share prices hit a new peak with investors still encouraged by the prospect of lower Japanese interest rates this month. The Nikkei Dow index rose 54.36 to 8,120.51, beating the previous day's record rise of 44.75. Stock Exchange index put on 3.59 to 597.49. Page 20; Tokyo stocks at record, Page 16



● LONDON: FT Industrial Ordinary index rose 2.4 to 615.1. Government Securities tumbled as much as 1¼ points. Page 21

● HONG KONG: Hang Seng index added 2.53 to 772.5. Page 20

● AUSTRALIA: All Ordinaries index climbed 9.7 to 505.9. Page 20

● FRANKFURT: Commerzbank index fell 3.1 to 774.5. Page 20

● DOLLAR was unchanged at DM 2.347 and FFr 6.8825 but rose to Y229.8 (Y228.85) and SwFr 1.9595 (SwFr 1.957). Its Bank of England trade-weighted index was 117.1 (117). Page 26

● STERLING fell 1.35 cents to $1.6085 and weakened to DM 3.775 (DM 3.81), FFr 10.7175 (FFr 10.805), SwFr 3.1525 (SwFr 3.175) and Y369.25 (Y371.5). Its trade-weighted index was 82.9 (83.5). Page 26

● GOLD fell $2.5 in London to $454. In Frankfurt it rose $0.5 to $456.5 and in Zurich it was unchanged at $454.5. Page 17

● MEXICO's trade unions agreed to a cut in real wages to preserve jobs. Minimum wages rose only 62.5 per cent in 1982 compared with inflation's 100 per cent.

● PHILIPS, the Dutch electrical group, is holding talks about supplying parts to a proposed colour TV plant in the Soviet Union. Page 14

● FRANCE is expected to increase purchase of crude oil from Iraq. Page 2

● SAUDI ARABIA denied Sheikh Yamani had discussed a cut in its crude oil price at meetings in London and Geneva earlier this week.

● U.S. CAR MAKERS said sales fell 7.2 per cent to 5.76m in 1982, the lowest for 21 years.

● CANADA is extending its customs jurisdiction from 19km offshore to the 320km limit. Page 4

● INDONESIA'S President Suharto imposed a freeze on public-sector wages and abolished subsidies on essential foods. Page 3

● SWISS farm income rose 8.7 per cent last year to about SwFr 8.23bn ($4.2bn), the biggest growth since 1973. Page 17

● ARGENTINA will launch a new peso later this year worth 10,000 of those currently in circulation. Page 14

● ITALY ended 1982 with an annual inflation rate of 16.3 per cent. Page 2

● KORF STAHL'S bankers met yesterday against a background of speculation about how the West German steel company could meet the challenge of recession. Aid for Arbed, Page 2

Heseltine gets defence post in British reshuffle

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MR MICHAEL HESELTINE was appointed as Britain's Defence Secretary last night as Mrs Margaret Thatcher, the Conservative Prime Minister, reshuffled her ministerial team in preparation for the next general election.

Mr Heseltine replaces Mr John Nott, who is retiring from the House of Commons at the next election, which is expected to be held some time this year although the present parliament's term runs to May 1984.

Mrs Thatcher made only limited changes as she is said to feel that she already has the right balance in her Cabinet.

Mr Heseltine is replaced as Environment Secretary by Mr Tom King, his deputy since the 1979 election as Minister for Local Government.

The other moves are entirely at junior and middle ranking levels. Mr Neil Marten, who like Mr Nott is retiring from Parliament at the next election, has resigned as Minister for Overseas Development and Lord Trenchard, the Minister of State for Defence Procurement has also quit.

The appointment of Mr Heseltine has been widely expected since Mrs Thatcher wanted someone who has a reputation as a manager and a publicist in what is certain to be an extremely sensitive department.

Conservative Party leaders believe that they need a high profile spokesman to counter the propaganda of the campaigners for unilateral nuclear disarmament.

An effective public speaker, Mr Heseltine has also built up a reputation as a skilful manager of a large spending department with the introduction of new controls at the Department of the Environment.

There is a general recognition in the government that tougher management will be needed at the Defence Ministry in view of the probable conflict between Britain's large commitments, notably in the Falklands and the Trident nuclear programme, and the squeeze on available resources.

It was being stressed in London last night that Mr Heseltine will be a long-term Defence Secretary and is expected to carry on in any new administration after the next election.

Some sceptical Conservative MPs were last night claiming that Mrs Thatcher had effectively bottled up the most successful of the younger group of "moderates" in the Cabinet.

Mr King has been a strong contender for promotion to the Cabinet for some time and indeed he was the Conservatives' energy spokesman before the 1979 election. His arrival in the Cabinet will not alter the political balance since he is generally regarded as a loyal manager rather than a strong "wet" or "dry."

Apart from the two Cabinet changes, the main moves involve the addition of a junior minister at the Home Office to cope with its very heavy legislative workload in the current session, notably the police and the data protection bills, and the reduction of one Minister from Environment.

Heseltine profile, Page 6; Editorial comment, Page 12

Denmark to sue UK and Commission

BY HILARY BARNES IN COPENHAGEN AND LARRY KLINGER IN BRUSSELS

DENMARK is to take Britain and the European Commission before the European Court of Justice in an attempt to establish its charge that British fisheries protection measures are illegal under Community law.

Mr Uffe Ellemann-Jensen, the Danish Foreign Minister, announced the move before flying to Brussels for a meeting with Herr Hans-Dietrich Genscher, the West German Foreign Minister, and current chairman of the EEC Council of Ministers.

In addition, he issued what he called a "very sharp" protest to the Commission against its approval of the British fisheries control.

The talks ended after 70 minutes with Herr Genscher appealing for Britain and Denmark to exercise restraint and avoid confrontation. He said he had "moderate confidence" about the chances of a solution to the impasse.

Herr Genscher said he would meet Mr Ellemann-Jensen again in Strasbourg next Tuesday, when the German Foreign Minister is due to address the European Parliament.

The meeting in Brussels, which was also attended by M François-Xavier Ortoli, vice-president of the Commission, was requested by Mr Ellemann-Jensen in an effort to ease the tension between Britain and Denmark.

He had hoped that Mr Francis Pym, the British Foreign Secretary, would also attend. However, a Foreign Office official in London yesterday rejected a call for a direct meeting between the two countries.

"It is a problem for Denmark to settle with the Community as a whole," the Foreign Office said. The British Government was not interested in any bilateral or trilateral moves but wanted a Community solution.

Mr Ellemann-Jensen said the purpose of his trip to Brussels was not to negotiate but to "de-dramatise" the situation "so that we can discuss the problems of arriving at a common fisheries policy without threatening each other with warships."

The Danish minority government, he pointed out, had recommended acceptance of the latest common fisheries policy proposals, but was overruled by a majority in Parliament.

"But we now have a new situation in which there is no common fisheries policy and, of course, we must defend Danish interests," he said. He called the action of Mr Kent Kirk, in fishing within the 12-mile UK limit yesterday "an unnecessary provocation."

The Danes will challenge the legality of all three British restrictions on Danish fishermen: the exclusion from the 12-mile limit, from the Shetland box, and the ban on mackerel fishing west of Scotland.

The British measures were granted official backing on Wednesday night, when the Commission announced they would have the force of Community law until January 26.

It could take up to three months before the Danish complaint can be lodged against Britain. But a complaint against the Commission can be submitted immediately and will probably be lodged next week.

Captain to appear in court, Page 14

Paris and London take tough line in Abe talks

BY DAVID HOUSEGO IN PARIS AND JOHN HUNT IN LONDON

FRANCE has warned that it will take unilateral action against imports of Japanese goods if trade talks between the EEC and the Tokyo Government later this month do not produce results, according to Japanese officials.

The message was conveyed to Mr Shintaro Abe, the Japanese Foreign Minister, during his visit to Paris which culminated yesterday in a meeting with President Mitterrand.

Mrs Thatcher, the British Prime Minister, also took a tough line over the scale of Japanese sales in the UK when she saw Mr Abe in London, but she did not threaten unilateral action.

She pressed Mr Abe strongly for more action on Japanese import barriers and called for larger Japanese purchase of British capital goods. The decision by the Tokyo Government to reduce tariffs on 75 products, announced at Christmas, did not meet the magnitude of the problem caused by Japan's growing surplus of trade with the UK, Mrs Thatcher said.

In the first 10 months of last year, Japan's trade surplus with the UK was £1.6bn ($2.59bn), 27 per cent more than in the same period of 1981. But Japan's trade surplus with France surged 76 per cent last year to FFr 12.5bn ($1.7bn).

Negotiations between EEC and Japanese officials are due next week. The French Government expects that the Commission should be able to report some progress to EEC Foreign Ministers at their Council meeting on January 24 and 25.

M Abe also saw M Jean-Pierre Chevènement, the Minister of Industry and Research, and M Claude Cheysson, the Foreign Minister. The Japanese Foreign Minister is said to have told the French that he would welcome purchases of the European Airbus by Japanese airlines but that it was not in the government's power to order this.

In London, however, Mr Abe said that a further reduction in Japanese trade barriers against imports from the UK was "in the making". But he did not specify what goods might be affected.

On January 13, nine days before the EEC Foreign Ministers Council, Japanese economic ministers are meeting to discuss dismantling some non-tariff barriers to imports.

French banks cut base rates

BY DAVID MARSH IN PARIS

LEADING FRENCH banks yesterday began reducing their base lending rates after a series of Government credit measures aimed at cutting the cost of corporate loans.

Credit Commercial de France was the first to move, announcing a 0.5 percentage point reduction in its base rate to 12.25 per cent, effective today.

Credit Industriel et Commercial (CIC) also said it planned a change and other major nationalised banks were expected to follow suit.

The moves were announced by M Jacques Delors, the Finance Minister. They are designed to mobilise more and cheaper credit for industry – a much-stated aim of President François Mitterrand – without sparking off too general a fall in interest rates, which could endanger the franc.

As had been expected, the moves centre on a one percentage point reduction, to 7.5 per cent, in interest rates on savings deposits throughout the banking system. The only exception is the index-linked savings scheme for low-income nationals which was set up last year.

Interest rates on other long term bank deposits are expected to come down accordingly, as a further move to lower the cost of banks' resources and allow them to cheapen loans to industry. M Delors underlined yesterday that interest rates had to fall in line with the cut in inflation, now around 10 per cent.

Significantly, however, interest rates on the French money market are being maintained to help support the franc.

The Bank of France yesterday raised the day-to-day rate on the Paris market to 12.75 per cent from 12.50 per cent on Wednesday, although it is still lower than 12.875 per cent on Tuesday.

As part of the credit package for the business sector, M Delors also announced yesterday the following steps:

● Special low-cost loans bearing an interest rate of 9.75 per cent and running for 12 years will be granted to companies burdened with an overall interest rate of above 12 per cent on medium and long-term debts. The funds will be made available from public credit institutions led by the Crédit National.

The measure, designed to help companies penalised by high and fixed credit costs, taken on during the last two years of high interest rates, was first mooted as a "mora-

Continued on Page 14

Reagan's monetarist advisers urge new Fed targets

By Anatole Kaletsky in Washington

THE MONETARIST faction among President Ronald Reagan's senior economic advisers is hoping to reassert itself by urging the Federal Reserve Board to commit itself to a new set of monetary guidelines, to replace the defunct M-1 targets which the Fed abandoned last year because of distortions caused by changes in bank regulation.

Administration economists who have been sharply critical of the Fed's monetary policy in the past have been silent about the monetary relaxaton in recent months because of the President's over-riding desire to see an early economic recovery.

But they are becoming increasingly concerned that the President and the two economists who now have greatest influence in the White House – Mr Martin Feldstein, chairman of the Council of Economic Advisers, and Mr George Shultz, the Secretary of State – are too pessimistic about the prospects for economic recovery and are underestimating the dangers of rebounding inflation.

They also believe that the financial markets will soon become alarmed about inflation unless the Fed reasserts its commitment to monetary targets of some kind.

Because the Fed will be able to argue almost indefinitely that the weekly M-1 figures are too distorted to form a basis for monetary policy, the Administration's monetarists are beginning to argue that a broader monetary aggregate, such as M-2, which includes money market and savings deposits, as well as the checking accounts in M-1, should become the centrepiece of Fed policy.

These officials, who still constitute the majority in the administration, in numbers, if not in influence, have traditionally argued for narrower monetary targets because these can be controlled more directly through the Fed's open market operations. They now believe that any target would be better than none.

They would even be prepared to see the Fed raise its present M-2 growth target of 6 to 9 per cent, provided the central bank then showed its determination to stick within the new ceiling. The Fed has been publishing M-2 targets for years, but has always treated them as guidelines, rather than firm ceilings. At recent meetings of the policy-mak-

Continued on Page 14

White House move on Eximbank, Page 4

Cool response to Warsaw Pact offer

BY DAVID TONGE AND DAVID BUCHAN IN LONDON

WESTERN governments agreed yesterday that they should not play into Soviet hands by an instant rejection of the Warsaw Pact's latest peace platform.

But at the same time, they insisted that almost all the Soviet proposals had been put forward previously and found faulty by Nato.

Alliance members were little impressed by the most striking proposal from Prague, the offer of a non-aggression pact to Nato. Mr Francis Pym, the British Foreign Secretary, said that Nato had committed itself to no first use of any weapons at its Bonn summit last summer.

France said that the best way of furthering peace was to accept existing obligations, not to add new peace pledges to those already contained in the United Nations Charter.

But Herr Hans Dietrich Genscher, the West German Foreign Minister, said the broad range of proposals showed the Warsaw Pact had edged closer to accepting some Western ideas on disarmament.

Mr Ronald Reagan, the U.S. President, said on Wednesday night that Washington would consider the idea of a non-aggression treaty. However, yesterday Mr Larry Speakes, his spokesman, made clear that the Warsaw Pact's proposals did not make it any more likely that President Reagan would agree to a summit with Soviet leader Mr Yuri Andropov.

The White House view, expressed privately, is that a summit should only be held if there has been progress on issues like the withdrawal of Soviet troops from Afghanistan and an improvement in the situation in Poland.

Calling a summit "depends on Soviet behaviour world wide", as well as prospects for specific agreements, Mr Speakes said.

Spate of selling hits £

By Jeremy Stone in London

SPECULATION that sterling was about to be included in the European Monetary System sparked off a spate of selling yesterday that left the UK currency at its weakest since the early months of 1979.

Dealers said the selling began overnight in the Far East and European holders joined the selling, driving sterling sharply down against the D-Mark at the opening in London.

The Bank of England's trade-weighting which measures the pound's value against a basket of currencies, fell 0.6 to close at 82.9, its lowest since early 1979.

Having dropped more than 2 pfennigs early in the day, the pound finished at a three-year low of DM 3.775 for a fall of 3¼ pfennigs on the day. Sterling also dropped against the yen, finishing the day at a low for more than four years of Y369.25, down Y2¼ on the day. It dropped to SwFr 3.1525, from Wednesday's SwFr 3.175.

Against the dollar, the pound fell

Continued on Page 14

Money markets, Page 26

CONTENTS

Britain seeks to retain key EEC agriculture job

BY JOHN WYLES IN BRUSSELS

THE BRITISH Government is gearing up for a battle to retain its hold on one of the key agricultural policy jobs at the European Commission following the resignation of Mr David Williamson.

After six years in Brussels as Deputy-Director General for Agriculture, Mr Williamson (48), is returning to Whitehall at the end of April. He is expected shortly to be confirmed officially as successor to Mr David Hancock as Deputy-Secretary in the Cabinet Office responsible for European affairs. Mr Hancock becomes Permanent Secretary at the Ministry of Education in April.

Formally, no Commission job carries a national flag, but in practice member states like to establish as permanent a lien as possible on key posts. The British Government is currently considering a short-list of senior officials as possible replacements for Mr Williamson and the front-runner is believed to be Mr Peter Pooley, the Under-Secretary at the Ministry of Agriculture responsible for fishing policy.

Mr Pooley returned to London last autumn after nearly three years as agriculture minister at the British representative's office to the EEC in Brussels.

But the British hold on the number two job in the Commission's agricultural administration is not as firm as London would wish. The Netherlands lost the job to the UK when Britain joined the EEC 10 years ago and made an attempt to win it back at the time of Mr Williamson's appointment.

In addition, the Eurocrats' trade unions in Brussels are increasingly hostile to the practice of parachuting officials from national capitals into top Commission jobs. With some support from the Commission itself, they are campaigning for more internal promotion. However, the British have no suitable candidates within the Commission.

Mr Williamson's term in Brussels has been marked by an increasingly successful attempt to dispose more economically of the Community's farm surpluses. He was one of the prime movers behind a market management deal with New Zealand which has helped raise world dairy prices and reduced the cost to the EEC of subsidising its exports.

However, Mr Wililamson has made fewer efforts than some have wished to propagate genuine reform of the Common Agricultural Policy. He might argue that he has pursued the only practical path of encouraging gradual changes designed to curb overproduction and that there is little scope for a radical Englishman as number two in Commission agriculture when the number one is the Frenchman, M Claude Villain.

Some British diplomats have criticised the wisdom of always allowing the Ministry of Agriculture to nominate a candidate for the Williamson job. They complain that the ministry has too uncritical a view of the CAP and a man with a broader appreciation of both British and EEC (as defined by the British) interests might be more effective in this crucial Commission job.

Gensher tries to defuse fishing row

BY LARRY KLINGER IN BRUSSELS

EFFORTS TO defuse the EEC fisheries crisis were being renewed in Brussels last night, at a hastily-arranged meeting of the West German and Danish foreign ministers with the European Commission.

Parallel with the Commission decision late on Wednesday to give provisional approval to the fisheries protection measures adopted by Britain and other EEC countries, West Germany, as current president of the EEC Council of Ministers, called a special meeting.

The meeting was meant to try to help restore calm to a potentially explosive situation, and explore avenues towards including Denmark in a permanent Common Fisheries Policy (CFP).

Britain, anxious that the dispute does not come to be seen simply as an Anglo-Danish quarrel, made clear that its participation in the meeting would be "inappropriate."

Britain argues that the issue is between Denmark and all nine of its EEC partners which, together with the Commission, agreed to implement the CFP over Danish objections.

Britain has no objection to attending a special Council of Ministers of all member-states to defuse the situation, but sees no advantage in talking directly with Denmark when the issue is on a Community-wide basis.

Little hope was being held out before last night's talks for a quick solution. But Herr Hans-Dietrich Genscher, West Germany's Foreign Minister, made clear that he thought a meeting with Mr Uffe Ellemann-Jensen, the Danish Foreign Minister, and the Commission was essential if the fisheries conflict was to be contained.

On the other hand, Mr Ellemann-Jensen is also likely to be told there is little likelihood that the Nine would be willing to reopen formal talks on the CFP package itself. The feeling is that all have made more than sufficient concessions to Denmark during the past year of negotiations.

Ironically, the minority Danish Government had itself recommended acceptance of the deal but was unable to win parliamentary approval

Kirk faces a long voyage to the European Court

BY OUR BRUSSELS STAFF

THE VOYAGE to British waters by Mr Kent Kirk, the militant Danish fisherman, will be a great deal shorter than his obtaining a European Court judgment on the issue.

Legal experts here point out that the best he can hope for is a ruling within six months.

Even if he is charged with breaking the EEC's new fishing rules and obtains an immediate trial in a British court, he will still have to convince the magistrate that points of law require reference to the Court in Luxembourg.

If the magistrate supported Mr Kirk's view, the European Court would then have to seek information on the case from several Community institutions and from various member-states before a hearing could be held. This takes on average about two months.

After a hearing to examine argument from all interested parties, one of the Court's advocates-general would give a ruling. This would be followed by an examination by the full Court and a definitive judgment, requiring in all at least another four months.

This is optimistic, the experts say, because Mr Kirk might also have to exhaust appeal procedures in the British courts before he could be successful, if ever, in obtaining a reference to Luxembourg.

The quickest route to the European Court would be for the Danish Government to bring an action against the Commission.

The Soviet view of the Vatican is increasingly sour, write **Anthony Robinson** and **David Buchan**

Catholic revival worries Moscow

Pope John Paul: named first Soviet cardinal

THE POPE'S historic appointment of a Soviet cardinal this week is likely to inject a new note of tension into relations between Moscow and the Vatican. These are already fraught because of allegations that the Bulgarian and Soviet secret services might have had a hand in the assassination attempt on the Pope in May, 1981.

Bishop Julijans Vaivods of Riga, the capital of Latvia, becomes the first resident Soviet citizen to be created a cardinal since the Russian revolution. The Archbishop of Lvov was made a cardinal in 1965, but only after he was already in exile in Rome.

The bulk of the estimated 3m-4m Soviet Catholics live in Latvia, Lithuania and western Byelorussia, areas all adjacent or near to Poland. While Soviet governments have always discouraged religion of any variety, it has been the 1979 election of a Polish Pope, and the galvanic effect this has had on East European Catholics, particularly of course in Poland, that has increasingly soured Moscow's view of the Vatican.

Poland now has two cardinals again, with the appointment this week of Archbishop Josef Glemp, head of the Polish church, to the Sacred College in Rome. This reflects the extraordinary religious revival in Poland where no less than 900 new churches are being built. Another significant papal appointment this week was that of the East German Catholic leader as cardinal.

The Soviet media, within the past six months, have stepped up their anti-Catholic attacks, initially on individual churches in Byelorussia and in Poland. They accused the Polish church of "funding counter-revolution" and of turning parishioners into "political hooligans." Most recently they have increased attacks on the Vatican itself.

Rigid position

Late last month a Soviet ideological magazine, "Political Self - Education," accused "numerous Vatican services and organisations" of engaging in anti-communist propaganda on an ever broader scale. It criticised the Pope personally for taking "a much more conservative and rigid position vis-a-vis the socialist world" than his Vatican predecessors.

All this has not helped Moscow's efforts to dissociate itself from any involvement in the attempt on the Pope's life. Did Mr Yuri Andropov, in his former capacity as head of the KGB, mastermind the assassination plot, using the Bulgarian secret service as his tool? It is hard to imagine a more explosive question—and it has become one of the Moscow publicity machine's top priorities to persuade world opinion that the answer is "no."

So far, the crucial first link in any such chain conspiracy theory—that the Bulgarian secret service aided and abetted Mehmet Ali Agca, the Pope's would-be assassin—has not been established.

According to Turkish and other sources, Bulgaria has a well established record of trafficking in arms and drugs to and from Turkey and harbouring Turkish extremists, of left-wing and right-wing political persuasion. The Bulgarian authorities have been silent on exactly what Agca—on the run from a Turkish prison having confessed to killing a Turkish newspaper editor—was doing in Bulgaria on at least two visits there, prior to his fated trip to Italy.

But the Bulgarian authorities have been reasonably open, in terms of parading before the international Press two Bulgarian diplomats alleged by Italian police to have been involved in an assassination conspiracy, and of inviting the Italian investigating magistrate to pursue his inquiries directly in Sofia. Most important, the case against Mr Sergei Antonov, the Bulgarian airlines official held in Italy, seems to rest so far on the evidence of Agca alone.

The Soviet Press says the U.S. Central Intelligence Agency has been fuelling the allegations of Bulgarian and, thus, Soviet involvement. Under the title "The trail leads to Langley" (headquarters of the CIA), Pravda, the party newspaper, this week rebutted what it called "the snowball of lies and fabrications."

Fully established

Clearly Mr Andropov dislikes the unwelcome reminder of his KGB past, before he has fully established himself at home and when hopes for arms control and other agreements with the Soviet Union rest partly on the Kremlin leadership being viewed from abroad as above-board.

Moscow is also worried that the allegations will stir anti-Soviet feeling in Poland and other Catholic areas, like Latin America, and may dilute the anti-nuclear and anti-war stance of many sections of the U.S. Catholic Church.

The only surprising feature is that, at such a crucial point, Moscow seems unable to moderate its anti-Vatican rhetoric. This seems to show that the Soviet concern about the Catholic resurgence within Eastern Europe is becoming irrepressible.

Mr Andropov: denying assassination claim

Commission go-ahead for aid to Saarstahl

By Giles Merritt in Brussels

THE Bonn Government has been permitted by the European Commission to pay out DM 175m (£46m) in financial aid to the troubled Arbed-Saarstahl steelmaker, but is understood to have stopped short of giving Brussels a firm pledge on future restructuring of the company.

The uneasy compromise reached between Brussels and Bonn ends the dispute over Saarstahl's latest cash bail-out that began a month ago when the EEC blocked payment of funds by the West German Federal Government. However, it risks triggering fresh tensions between the Commission and other member states — notably Britain.

The Brussels-Bonn agreement appears to mark a relaxation of the Commission's enforcement of the EEC steel aids code. The code is a key element in the Ten's steel restructuring strategy and was reinforced less than two months ago at a special Industry Ministers' Council meeting in Elsinore.

Britain, which has suffered a near-halving of steel jobs during the past five years, is particularly anxious that other Community steel industries should be required to promise major capacity cuts as a condition of receiving state aid.

Mr Frans Andriessen, the EEC Competition Commissioner, had originally refused permission for Saarstahl to receive further funds until he received a definite undertaking that 500,000 tonnes of excess capacity would be closed down in return.

According to EEC officials, he has now reluctantly accepted a looser commitment from Bonn, under which new structuring plans for Saarstahl will be submitted to Brussels by April.

Mr Andriessen's decision to permit the latest aid payment — which will take federal and local government spending on Saarstahl past the DM 2bn (£525m) mark — is believed to reflect the fact that a considerable proportion of the DM 175m tranche has already been spent.

Some DM 80m, it has been suggested by officials in Bonn, had been committed to Saarstahl by last month, thus bringing aid to the company since last July to almost DM 500m (£131m).

ANTI-CORRUPTION CAMPAIGN FINDS NEW TARGET

Dressing down for Soviet textiles industry

BY ANTHONY ROBINSON IN MOSCOW

THE HIGHLY publicised fight in the Soviet Union against corruption, economic mismanagement, waste and labour indiscipline, which has become the hallmark of the domestic policies of the Andropov régime, has found a new target—the Soviet textile industry.

After reporters from the Socialist Industry newspaper exposed widespread fraud, "creative accounting," mismanagement, waste of raw materials and poor quality production in several textile plants in the Russian Federation, the largest of the 15 Soviet republics, an official investigation followed.

As a result, the textile industry minister there and his deputy received a severe dressing down and several factory managers, engineers and lesser officials have been sacked, the paper reported.

The tone of the article—which concluded with a ringing appeal for all workers and managers to heed the words of Mr Yuri Andropov at his inaugural speech to the party central committee in November—implied that a similar fate would befall others if greater discipline and efficiency were not introduced.

The poor quality of most Soviet textiles is legendary, largely because light industry generally has been starved of funds and resources as investment priorities have consistently favoured heavy industry and the military economy generally.

Given the shortages and bureaucratic rigidities which plague all aspects of the economy, virtually all Soviet plants and enterprises run "slush funds," employ fixers to scavenge for supplies, transport and other needs, and often lack the funds or the materials to build adequate storage or other facilities to protect both raw materials and finished products.

The typical Soviet raw material storage space—be it for agricultural or industrial products—is on the ground without a roof.

There is little that the current drive against corruption and far greater discipline will do to resolve the intrinsic weaknesses of the Soviet economic system. But the latest exposure of malpractice in the textile industry appears to be an attempt to show that the new regime listens to public opinion, as expressed through letters to the party and to newspapers—which have long acted as a surrogate public opinion poll for the party and the KGB—and is anxious to improve the quality of consumer goods and not afraid to punish those guilty of wasting state property.

The authorities also hope that tighter labour discipline will help raise labour productivity and compensate for the decline in growth of the labour force. But another indication that they are not optimistic about overcoming the (artificial) labour shortage has come with an article in Pravda calling for more job opportunities for pensioners.

Already, most Soviet pensioners stay at work for five years beyond the official retirement age of 55 for women and 60 for men, partly because pensions are too low to live on and partly because of the sheer boredom of life without company in the grim, new urban blocks of flats where most Soviet citizens now live.

The retention of 8m pensioners in the labour force has been an important boost to the economy, even though many of them are employed in non-demanding and non-productive jobs, such as attendants, guards and doormen, of which there seem to be an endless number in the Soviet Union guarding the entry to virtually every public building—from ministries to lavatories.

Hard-currency shops do brisk trade in Poland

By Christopher Bobinski in Warsaw

POLAND'S CHAIN of hard-currency shops, Pewex, did a brisk trade last year, and provided a consumer goods market for Western exporters worth more than \$50m, in spite of martial law, balance of payments problems and a myriad of other difficulties.

With martial law restricting foreign travel, the flow of hard currency into the country came largely from the 100,000 Poles working abroad in countries like Libya and Iraq and sending their earnings home.

At the same time, Pewex benefited from the martial law restriction on Poles' hard-currency savings accounts which stood in December, 1981, at about \$450m. Account holders were only permitted to draw coupons which could then be spent at Pewex.

The Pewex stores, which sell both Western and Polish-made goods, reported sales last year worth \$272m compared to \$222m in 1981 and a record \$285m the year before.

Italy ends year with annual inflation rate of 16.3%

BY JAMES BUXTON IN ROME

ITALY ENDED the year with an annual inflation rate of 16.3 per cent, by far the highest of the main industrial countries.

But the annual figure, influenced by a rise of only 0.7 per cent in the cost-of-living index, shows that the authorities are only slightly above their original target of reducing the inflation rate in 1982 below 16 per cent.

The figures show that monetary restrictions and general recession have had some effect in getting inflation down from the rate of 18.7 per cent recorded in 1981.

The 1982 result would have been lower but for the effect of major tariff increases at the end of July, which pushed the inflation rate back up from 15 per cent.

The effect of those increases on the cost-of-living index has now been absorbed. But whether the Government of Sig Amintore Fanfani succeeds in its aim of reducing inflation below an average of 13 per cent this year depends heavily on the level of wage settlements and the future of the *Scala Mobile* wage-indexation system.

Pisa's famous Leaning Tower leaned a little further last year, and will collapse unless the Italian Government takes urgent action to save it, the city's Mayor said yesterday. Reuter reports. The tower is said to have moved one millimeter—the first shift after two years of stability.

Private sector employers and unions are supposed to agree by the end of this month on a new formula for diminished wage indexation. But so far, the two sides are far apart, and an agreement could be conditional on increases in basic rates of pay for many workers under their triennial contracts.

The root cause of Italy's high inflation rate is considered to be the Government's high borrowing requirement. Officials and politicians were yesterday still working on the details of a second tranche of tax increases and spending cuts due to be approved by the Cabinet today, which should reduce the deficit by more than L3,000bn (£1.35bn).

The first tranche, intended to cut the deficit by nearly L7,000bn, was announced last weekend. It consists of rises in income tax and charges, and makes possible the levying of a tax on property by local authorities. This has aroused considerable opposition, not least within the ruling four-party coalition.

The whole financial manoeuvre is aimed at bringing the public sector borrowing requirement for 1983 down below the expected outturn for 1982 of about L70,000bn—or more than 15 per cent of Gross Domestic Product—another record for an industrial country.

France to buy much more oil from Iraq

By David Housego in Paris

FRANCE IS expected to increase sharply its purchases of crude oil from Iraq as part of a deal under which it will also sell the Iraqis more arms.

This emerged yesterday during the visit to Paris of Mr Tariq Aziz, the Iraqi vice-Prime Minister, who has been seeking French financial aid to purchase new weapons.

M Michel Jobert, the Minister for External Trade, confirmed that France would be purchasing more Iraqi crude and responding to Baghdad's requests over armaments.

Last year France purchased about 1.8m tonnes of oil from Iraq. Unconfirmed reports in Paris yesterday said that this amount could be tripled. If this were the case Iraq would be supplying France with more than 3m tonnes a year it has recently contracted to purchase from Saudi Arabia under a long term arrangement.

France previously was under contract to buy 12m tonnes a year from Saudi Arabia, although this level has not been reached in recent years.

There were no details last night of the new weaponry that Iraq will be buying. Last year it ordered FFr 13bn (£1.2bn) of armaments from France, including a FFr 4bn (£370m) contract for new artillery.

President Francois Mitterrand gave the go-ahead for further sales during his visit to Egypt in November when he said that France did not want Iraq to be defeated in the war with Iran.

The new deal comes at a time when it seems that French arms sales last year reached a new record. Initial reports suggest they were close to, or above, the FFr 37bn (£3.4bn) worth sold in 1980.

They dropped last year to FFr 33bn (£3bn) but have picked up substantially this year as a result largely of orders from Iraq, India, Egypt and Saudi Arabia.

Iraq is also believed to have sought some rescheduling of the FFr 13bn it owes France this year in payment for existing civil and arms purchases.

Warsaw Pact outlines its arms proposals

PRAGUE — The Warsaw Pact yesterday published a long list of proposals for limiting or abolishing a variety of armaments. The document called for talks on reducing or doing away althogether with nuclear weapons-testing, chemical weapons, neutron weapons, foreign military bases and other military efforts.

It was published following a two-day summit conference of European Communist leaders, the first Warsaw Pact summit under the leadership of Mr Yuri Andropov, the new Soviet party leader.

"Member states of the Warsaw Pact turn to the member states of the North Atlantic pact with a proposal to conclude an agreement to renounce the use of military force and to preserve peaceful relations," said a communique carried by the official Czechoslovak news agency, CTK. It was translated into English by the Associated Press.

The party and government leaders, it said, "expect that, since the Soviet Union has accepted a unilateral commitment not to use nuclear weapons first, all nuclear powers which have not done so so far will take similar steps."

The following are some of the other proposals:

"The working out, in as short a time as possible, of an agreement on total and general prohibition of nuclear weapons tests.

"To speed up the working out of international agreements on the prohibition and liquidation of chemical weapons.

"To proceed to the working out of agreement on the prohibition of neutron weapons.

"A start immediately negotiations on the prohibition of basing of any types of weapons in outer space.

"To conclude as soon as possible negotiation of an international agreement on the prohibition of radiological weapons.

"To speed up the solution of the question about the strengthening of security guarantees of non-nuclear states."

The party leaders from the Soviet Union, Czechoslovakia, Romania, East Germany, Poland, Bulgaria and Hungary expressed concern about deadlocked talks on limiting strategic nuclear arms and medium range nuclear missiles in Europe.

"The best solution would be to remove all nuclear weapons from Europe, both those of tactical and medium range," the communique said.

"If it is not possible at present to achieve such a true 'zero solution,' it would be useful to take the path of radical lowering of nuclear capabilities of medium range in Europe on the basis of equality and equal security."

They also said they had no intention of expanding their sphere of influence and called on Nato to stay out of the Gulf.

"Member states have been advocating for a long time the disbanding of both alliances as a first step towards liquidating military organisations," the document said. "This proposal remains in validity and they emphasise that they are ready to start negotiations with Nato member states with the object of achieving corresponding agreement, beginning with mutual limitation of military activity."

In an apparent reference to the peace movements of Western Europe and the United States, the document noted that "the great majority of states and ever broader circles of the world public are now urging a freezing of nuclear arsenals."

Other ideas in the communique included:

- Negotiations on limiting naval activities in the mediterranean, where the U.S. 6th fleet patrols.
- Withdrawal of nuclear armed ships from the Mediterranian.
- Creation of "non-nuclear weapons zones" in northern Europe, the Balkans and other parts of Europe.

In a brief mention of Afghanistan, where the Soviet Union is fighting a three-year-old Moslem insurrection, the Communist leaders said they "value positively" negotiations between Afghanistan and Pakistan.

They claimed "reactionary and imperialistic circles" were trying to exploit human rights issues. Without giving examples, the document also condemned "spreading of tendentious and outright lying reports" by Press organisations that were not identified.

"No state can permit that such subversive activities be carried out from its territory," it said.

The communique made special mention of Poland, saying it had the support of its allies. It called on Israel to withdraw from Lebanon and denounced what it called the "bestial extermination" of civilians in Beirut.

It would be desirable for members of both power blocs to renounce the use of force against third countries, said the document. But, added, this agreement "would naturally not limit the inalienable right of the participants in the agreement to individual or collective self-defence in harmony with Article 51 of the United Nations Charter."

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Richard Cowper reports from Jakarta on Suharto's budget plans

Indonesia to cut subsidies by 42%

PRESIDENT SUHARTO of Indonesia has unveiled an austere draft budget for the coming financial year which invisages a small decline in real Government expenditures and revenues but a major cut in subsidies.

In his speech yesterday President Suharto told Parliament the economic outlook was bleak. Faced with falling oil revenues, weak demand for the country's main export commodities (oil, rubber, timber, coffee, tin and palm oil), and the prospect of less than 3 per cent growth in the domestic economy in 1983, people would have to work harder and make sacrifices.

The President ordered a freeze in government salaries, a slowdown in new and non-essential development projects and an estimated 42 per cent cut in the country's subsidies on food, fertilisers and domestic oil products. In 1982-83, the subsidy Bill is likely to approach rupiahs 2 trillion (million million) (£1.7bn) or 15 per cnt of this year's actual spending. The 1983-84 budget allows for subsidies of just rupiahs 1.16 trillion.

President Suharto's budget plan projects a balanced 1983-84 budget, with a 6.1 per cent increase in rupiah revenues and expenditures to rupiahs 16.565 trillion (million million)—up from last year's budget of rupiahs 15.61 trillion.

Taking into account an inflation rate forecast of about 10 per cent, this would appear to indicate a decline in spending in real terms of about 4 per cent.

Actual revenues in 1982-83, however, are likely to be between 15 and 20 per cent lower than the 15.6 trillion which was originally budgeted, and, for the first time in many years, the Indonesian Government is expected to run up a budget deficit. For domestic political reasons the Government rarely if ever discloses actual revenues and speding.

The President said that the nation's controversial counter-purchase policy (which forces foreign suppliers to the Indonesian Government to import an equivalent value of Indonesian goods) would continue, and suggested a ban or freeze on imports of non-essential food items and other commodities which are manufactured locally.

On the expenditure side, however, President Suharto made it clear that the Government would do its utmost to continue financing major development projects and programmes already under way. There was no hint, for example, of cuts in several multi-billion dollar chemical projects.

Development allocations for industry will rise 20 per cent, mining and energy will be up 19 per cent and infrastructure and tourism by a similar proportion. As with the last budget, education, agriculture, infrastructure and industry appear to remain the Government's top priorities.

Many bankers fear that, despite the talk of belt tightening, the Government may be tempted to devalue the rupiah as the easiest method of maintaining this much needed "economic growth momentum."

Bankers say there has been a considerable movement of capital offshore in the past four to five months in anticipation of a devaluation, but it is almost impossible to establish a precise figure. Figures range from $500m upwards.

On Wednesday, Mr Ali Wardhana, the Finance Minister, declined to comment on the possibility of a devaluation, but Indonesian officials say they believe they can get away with the current policy of continuing to depreciate the rupiah against the dollar at an annualised rate of 10 per cent.

Any decision on devaluation is likely to be made by four people—the President, the Finance Minister, the head of the central bank and the co-ordinating Minister for the Economy. In the last devaluation in November, 1978, it was such a wel kept secret that not even other Cabinet members were told until just before the announcement.

President Suharto - ordered freeze on government wages

What seems to be clear is that, with Indonesian official and unofficial reserves likely to be down by 40 per cent this fiscal year to about three months of imports, the country cannot afford a similar draw-down next year. Without a sizeable cut in existing development programmes many economists believe this will be hard to achieve.

El Al future tied to Government pledge

BY DAVID LENNON IN TEL AVIV

EL AL, Israel's grounded national airline, may fly again next week if the Knesset finance committee agrees to a Government guarantee of $100m in loans to finance the first three months of resumed operations.

But the members of parliament are dragging their feet over the issue, because of doubts that the company can fly into profitability. These doubts were reinforced by the news that El Al's accumulated losses at the end of 1982, totalled $244m.

El Al ceased operations in September when the management closed the airline after the 69th strike in the past 10 years. The temporary receiver this week won court permission to resume the airline's operations following the signing of a new labour contract with the El Al staff.

The Knesset finance committee yesterday approved a Government guarantee for $46m in existing debts to the overseas branches of Israeli banks. But the MPs put off a decision until next week on the Government underwriting the loan of $100m for the airline to resume operations.

In a report submitted to the powerful Knesset committee, El Al revealed that it owes local and foreign banks, a total of $280m. More than $90m of this is owed to three U.S. banks: Export Import Bank, one of its subsidiaries, and Chase Manhattan. This debt is guaranteed by the Israeli Government.

The Israeli banks are not in as happy a position and they are making their willingness to provide another $100m in operating capital dependent on Government guarantees.

If and when it does take to the air again, El Al will be lighter, by 850 employees, who will be dropped from the 5,000-strong staff at the time of the shutdown.

U.S. plan to break Lebanon talks deadlock

By Our Tel Aviv Correspondent

THE U.S. delegation at the Israel-Lebanon negotiations presented a new proposal yesterday which Israeli officials said may break the deadlock over the drawing up of an agenda for the discussions on the Israeli withdrawal from Lebanon.

The fourth round of talks, held in the northern Israeli town of Kiryat Shmoneh, again concentrated on ways of overcoming the differences between Israel and Lebanon over the inclusion of the topic "normalisation of relations" on the agenda. Lebanon opposes this.

According to Israeli officials, Mr Morris Draper, the head of the U.S. delegation, proposed abandoning the term "normalisation." Instead, he suggested that the agenda refer to "bilateral relations" and list the topics which would be included under this heading.

Mozambique guerrillas blow up Beira pipeline again

BY OUR HARARE CORRESPONDENT

ZIMBABWE'S fuel crisis deepened yesterday when Mozambique Resistance Movement guerrillas blew up the Beira to Mutare oil pipeline only a few days before it was due to resume pumping after a four-week disruption. The explosion happened late on Wednesday night at Maforga, about half-way along the 180 mile pipeline.

More than 30 storage tanks and feeder pipes were destroyed in the previous MRM sabotage attack on Zimbabwe's oil supply system on December 9 last year, which forced the Harare Government to import fuel by rail via South Africa from the Mozambique port of Maputo.

There have been persistent reports in Harare that Zimbabwe has signed a secret fuel supply deal with South Africa, but this was strongly denied yesterday by the Prime Minister's official spokesman who said flatly: "There has been no deal. We would never sign a deal at ministerial level with South Africa."

Pretoria was earlier reported to have been demanding that if Zimbabwe wanted a long-term fuel supply agreement, it would have to send a Minister to sign a contract with his South African counterpart. The Zimbabwe Government spokesman said South Africa had a fuel glut "which it would dearly love to dump on us."

The latest sabotage attack is a serious blow to Zimbabwe, coming at a time when there is already an acute fuel supply crisis with oil reserves put at a maximum 15 days. A spokesman for the Lonrho-owned pipeline company said any statement on the sabotage would have to come from the Government and he could not say when pumping was likely to resume.

A contingent of Zimbabwe troops sent into Mozambique to guard the pipeline was said to have been stationed near where the sabotage took place. The explosion came 24 hours after top-level talks in Beira between Zmbabwean and Mozabique military chiefs.

Zimbabwe announced a fuel rationing system just before Christmas designed to end the mile-long queues at petrol stations. However, the system has not yet been introduced and in Harare motorists are having to leave their cars in petrol queues for three or four days.

The Maforga sabotage means that Zimbabwe will have to continue to rely on oil imports by rail via South Africa for an extended period. It seems clear that Zimbabwe will not be able to rebuild its fuel reserves to the desired six-weeks level without heavy reliance on the South African transport system.

Businessmen here believe that Prime Minister Robert Mugabe's recent assurance that the fuel crisis would be short-lieved is turning out to have been far too optimistic. There are renewed calls for a medium-term rationing system.

WORLD TRADE NEWS

White House poised to ask Congress for rise in Eximbank loan guarantees

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE REAGAN Administration is poised to ask the U.S. Congress for a substantial increase in the amount of export credits which the Export-Import Bank (Eximbank) can guarantee in fiscal 1984, starting next October.

But, in the budget to be presented to Congress at the end of the month, the Administration is likely to hold or seek to decrease the total sum Eximbank will be permitted to lend directly.

Eximbank is both an export insurance and a lending agency, unlike the Export Credits Guarantee Department in the UK which confines its activities to export insurance.

Officials indicated yesterday that Congress will be asked to give Eximbank a loan guarantee authorisation of about $10bn (£6.25bn). This compares with $8bn requested by the Administration for the current financial year and $9bn eventually approved by Congress.

Eximbank's direct lending authority this year was set at $4.4bn by Congress, although the Administration had sought to restrict the sum to $3.8bn.

The changes planned by the Administration reflect both the change in money market conditions and budgetary considerations.

Lower interest rates in the U.S., bringing commercial rates into closer alignment with those prevailing under international guidelines for officially backed export credits, are leading the U.S. Treasury to think that more export funding can be done by private sector banks.

This is not the case at the moment, however. Eximbank noted that its credits still remained attractive while the commercial banks are hesitant about lending.

At the same time a stronger emphasis on loan guarantees rather than direct Eximbank lending ties in with the Administration's aim of holding back government spending.

But there is also a wider debate taking place in Washington about the future role of Eximbank.

Its activities have recently been extended by directives to support export trading companies and to provide some cover for agricultural exports alongside the Commodity Credit Corporation.

The National Advisory Council meets at the end of the month to review Eximbank's five-year charter, soon to expire. The Senate and House of Representatives banking committees next month hold hearings on future financial strategy for Eximbank.

The fundamental question, in the view of some officials, is no longer the cost of funding Eximbank, which has been high enough to push it into its first losses, but Eximbank's access to capital.

Sumitomo hits at U.S. 'dumping' decision

TOKYO — Sumitomo Metal Industries reacted strongly yesterday to what it called an arbitrary U.S. decision to levy dumping duties on its tubular steel exports.

A company statement expressed surprise over the U.S. Commerce Department's decision announced on Wednesday, and called it "prejudiced."

The decision came amid growing protectionist moves in the U.S. and defied customary anti-dumping regulatory practices, the company said.

Acting on a complaint filed by Babcock and Wilcox a year ago, the Commerce Department decided to levy a 22.95 per cent tariff on Sumitomo's seamless stainless pipes and tubes, and a 2.3 per cent duty on its seamless heat-resisting pipes and tubes, in addition to normal import tariffs.

Sumitomo will bring its case once again before a U.S. International Trade Commission hearing, scheduled for next Wednesday, and seek a fair decision, the statement said.

Agencies

Canada extends customs zone to aid shipbuilding industry

BY JIM RUSK IN OTTAWA

CANADA ANNOUNCED yesterday that it is extending its customs jurisdiction, now limited to 12 miles offshore, out to the edge of the 200-mile limit and including the Continental Shelf of Canada's coastline.

The extension, which has been under consideration for the past 18 months, will allow the Government to support the Canadian shipbuilding industry by imposing a tariff on all foreign-made oil rigs, supply vessels and other equipment used in oilfield exploration in coastal waters more than 12 miles offshore.

At present equipment outside the 12-mile zone is not subject to tariff.

The Government plans to simplify the complicated tariff structure now imposed on ships and floating equipment by setting a 25 per cent tariff on all passenger vessels, cargo vessels and floating equipment such as barges. There will be a 20 per cent tariff on oil drill rigs.

The Government plans no changes in the tariff structure on fishing vessels.

There are now 11 oil drilling platforms operating off the east coast and the Government estimates that there is a need for 10 more, costing between C$100m and C$150m each, in the next few years.

Ottawa has signed C$1.6bn (£804m)-worth of agreements with companies for operating offshore, most of which are joint ventures between Canadian and foreign concerns. Well over half that sum is expected to be spent this year, bringing the number of platforms to 14.

The Government feels that the changes announced yesterday will tip the scales in favour of Canadian shipyards getting most of this business.

Coupled with the announcement of the extension of the Customs zone, the Government announced it was extending the 9 per cent subsidy on domestic shipbuilding to July 1 1985 and proposes a new policy to promote the use of Canadian vessels in coastal trade.

Coastal trade will be reserved for Canadian registered vessels,

Colina MacDougall looks at one bank's project finance ventures

Nordic seeks to boost China contracts

"WE'RE NOT so much a supermarket, more of a boutique. We're small and flexible, and we concentrate on specialised aspects—shipping for instance."

The modest remark was made recently by Mr Ken Atkinson, associate director of the London-based Nordic Bank, and belies the bank's zeal to get into the China market.

The Bank is a consortium of Svenska Handelsbanken of Sweden, Kansallis-Osaka-Panke of Finland, den Norske Creditbank of Norway and Copenhagen Handelsbank of Denmark.

While 75 per cent of its business is in Europe, a small but growing share of 25 per cent is in the Far East, especially in shipbuilding, in ship and oil rig sale and lease financing and in hotel projects.

"We were pioneers in export finance for Singapore shipbuilding," Mr Atkinson said. "We're been there since 1975, now with a staff of about 30-80 throughout Asia."

Last June Nordic signed a co-operation agreement with one of Peking's main foreign investment conduits, the China International Trust Investment Corporation.

Mr Atkinson himself flies often to Peking to sort out hiccups in the building of the Great Wall Hotel, the $75m, 22-storey joint venture between E-S Pacific Development and Construction of the U.S. and the Peking branch of the China International Travel Service, for which Nordic was the loan lead manager.

The Great Wall was one of the first equity joint ventures set up with China in recent years. Nordic got into the deal through its role in 1978 of arranging finance for a hotel in Leningrad for the American industrialist Mr Cyrus Eaton, the E in E-S Pacific Development.

The China contract was signed in May, 1979, and after problems with unfamiliar building techniques, work on site is now proceeding smoothly.

Nordic has taken on another hotel, in Sian, where China's famous lifesize clay tomb figures are located. At 215 rooms in the first phase, this smaller hotel is being built on contractual joint venture terms (that is, no equity is involved) by the Sian Tourism ervice and Kowin Companies, a Los Angeles property group.

The contract for this project now is with the central authorities awaiting final approval. Construction begins in June, for completion in 12 months. "We hope to get British companies in on this deal," Mr Atkinson says.

"The Chinese don't want to pay cash," Mr Atkinson observed, "and with our expertise we can help to structure a buyback deal — mining machinery for Chinese coal, for

instance. We can find the overseas buyer—Brazil is a possibility in the coal deal."

A problem with compensation trade deals with China is the rigid bureaucracy. "We would like to have done a rigs-for-ships deal but these are handled by two different corporations, and they apparently cannot deal with each other."

One of Nordic's specialities is providing pure project finance—where a project is funded solely on the basis of future repayments from output from the prospective completed plant. "Not many banks do it," says Mr Atkinson, "but it's a very small part of our total business."

Nordic is also imaginative about trying to cope with the customary Chinese reluctance to pay the going interest rate on loans. "With flexibility and a certain amount of ingenuity, we can construct export packages which go a long way to satisfy the Chinese buyer and the Chinese authorities," remarked Mr Francis Hazeel, the senior manager of Nordic's subsidiary, Export Finance Limited, to a bank seminar for China traders last month.

Nordic is keen to extend its fast-growing leasing business in China. Peking recently set up two of its own leasing companies to exploit leasing opportunities. The leasing principle suits China where enterprise incomes can be large but initial start capital small. Nordic Bank's subsidiary, Nordic Leasing, signed a co-operation agreement with one of the units, the China Leasing Corporation, earlier this year.

The big prospects for leasing from overseas lie in aircraft or or rigs.

Leasing business potential extent to smaller items too. Nordic is looking at leasing equipment for communes, specifically textile and shoemaking equipment. The communes—some of which are quite affluent—have no other source of medium-term finance since the Chinese banks are not currently allowed to give them loans.

The Chinese lessees will be the leasing companies, not the end-users, so dealing with communes will not be a headache for the foreign partner.

Voest Alpine shares £39.4m Burmese deal

FRANKFURT — Voest Alpine AG, the Austrian industrial group, and Lurgi Gesellschaften GMBH received an order valued at DM 150m (£39.4m) to build a methanol plant in Burma.

Lurgi, the West German engineering company owned by Metallgesselschaft, said yesterday that the order was awarded by Petrochemical Industries Corp. of Rangoon. Voest Alpine is serving as project manager.

The plant is scheduled to go on stream in the first half of 1985 AP-DJ

UK woollen exports

In the report on UK woollen and worsted exports, on December 29, the figure of a 50 per cent fall should have referred to sales to West Germany and not, as implied, to the whole of the world.

Poor 1982 for jet airliner orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S jet airliner manufacturers had a poor year in 1982, logging orders for only 223 new jets, compared with 332 in the previous year.

This figure would have been much worse, had it not been for a late rally in December, which added, among other new orders, an order for 33 Boeing 737s from Delta Air Lines of the U.S., and another for 30 McDonnell Douglas DC-9 Super 80s for Alitalia of Italy.

This decline is due entirely to the lack of cash in the world's airlines, which collectively lost about $2bn (£1.25bn) last year, with a comparable loss likely in 1983.

The extent of the decline can be gauged from the fact that in the very late 1970s, the inflow of new jet airliner orders was running at about 700 aircraft a year world-wide.

Overall, the world's major jet airliner manufacturers now face a bleak 1983. With few big orders in prospect, they will have to live on their backlogs of orders until the recession is over

Nevertheless, they remain optimistic. One factor which they believe will help is that in 1985-86, new noise legislation in North America and Western Europe will become effective, making many existing jets unacceptable.

This will oblige many airlines to think of ordering new aircraft some time in 1983 or 1984, so as to ensure they are not caught out in 1985-86.

One such is British Airways, which is studying the Boeing 737-300 and McDonnell Douglas DC-9 Super 80 as possible replacements for Trident jets.

JET AIRLINER ORDERS 1982

Manufacturer	New orders in 1982 (type and number; 1981 in brackets)*			Value $ (approx.)	Total ordered to date (all versions of each model)	Total delivered to date (to mid-Dec.)
Airbus Industrie	A-300	3	(26)	$200m	248	198
	A-310	14	(19)	$600m	102	— (a)
Boeing	727	11	(38)	$220m	1,830	1,808
	737	72	(121)	$1,156m	1,052	914
	747	12	(23)	$960m	595	561
	757	2	(12)	$60m	123	2
	767	4	(7)	$140m	177	19
British Aerospace	146	2	(12)	$24m	14	— (b)
Fokker (Holland)	F-28	25	(21)	$275m	216	178
Lockheed	L-1011	—	(5)	[illegible]	241	227
McDonnell Douglas	DC-10	—	(20) (c)	[illegible]	366	363
	DC-9	78	(28)	$1,716m	1,164†	1,026
Totals		223	(332)	$5,351m	4,126	5,212

* Options are excluded. † All 1982 orders were for the Super 80 model.
(a) Deliveries start in Spring, 1983. (b) Deliveries start in January, 1983. (c) The continuity of DC-10 production is assured by the recent U.S. Air Force order for 44 KC-10 tanker/transports.

AMERICAN NEWS

Andrew Whitley profiles Sr Laerte Setubal, a leading Brazilian industrialist

'Super salesman' returns to the boardroom

SR LAERTE SETUBAL, one of Brazil's leading industrialists, has often been a man for his times. Six years ago, in Brizal's dark McCarthyist days of political purges, he was one of a small group of liberal-minded industrailists who publicly broke ranks with their class and called on the military government to relax its controls.

Later, when "export or die" became Brazil's catch-phrase, Sr Setubal was to the fore again, as president of the Brazilian Exporters' Association, an influential lobby with the Government. No newspaper article on export prospects was complete without a comment from the ever quoteworthy Sr Setubal.

More recently, when Brazilian charges of protectionism in their traditional Western markets were being met by a flurry of accusations of dumping against Brazilian manufacturers, Sr Setubal was to be seen in Brussels, arguing his case with the EEC Commission on behalf of his own company, Duratex, the world's leading exporter of hardboard and one of Brazil's most successful companies.

But last September an era came to an end. After four years as Brazil's "super salesman" he handed over the reins of the Exporters' Association and returned to full-time work as a vice-president with Duratex.

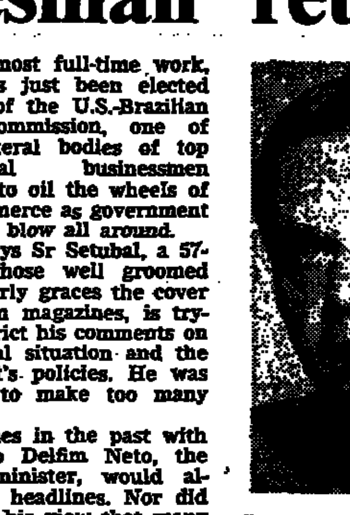
Well, almost full-time work, for he has just been elected president of the U.S.-Brazilian Private Commission, one of those bilateral bodies of top international businessmen which try to oil the wheels of world commerce as government sandstorms blow all around.

These days Sr Setubal, a 57-year-old whose well groomed face regularly graces the cover of Brazilian magazines, is trying to restrict his comments on the political situation and the government's policies. He was beginning to make too many enemies.

His clashes in the past with Sr Antonio Delfim Neto, the planning minister, would always make headlines. Nor did he conceal his view that many of the Foreign Ministry's more distinguished diplomats abroad could do a lot more to help Brazilian business.

Worst of all, as he admits, he is still personna non grata with the military. In a country where most leading businessmen rely heavily on their links with the military establishment, whether in uniform or in administrative posts, his 1978 outburst against the "Praetorian guard" around General Ernesto Geisel, the former president, still rankles.

Despite this drawback, the young engineer who joined his wealthy cousin's family company in 1959 has done well—



Setubal . . . trying to restrict his political comments

for himself and for Duratex. Last year, a recession year, the company earned profits of $13.4m on an income of $169m.

The secret of Duratex's success, Sr Setubal says, is that "we always acted as if we were an international standard company, whether in the U.S. or the UK." Overheads were high in the early days as the then loss-making company discarded "unsuitable" customers and put its money into technical research.

But what set the Sao Paulo company apart from other manufacturers is that from the start it looked to foreign markets as much as to Brazilian outlets. Anticipating other exporters by over a decade, today half of Duratex's sales go abroad, mainly to the U.S. and the EEC.

Sr Setubal himself has always been on the sale side, bringing to his job a sense of vocation rare in Brazil. "It may sound obvious," he says, "but we have always involved ourselves with our clients' problems."

The latest example he cites is a request from Mercedes-Benz of West Germany to develop a moulded hardboard to replace the more expensive cardboard currently used in the boot linings of their cars. The order poses technical problems but the rewards could be great.

But while Duratex may differ from many Brazilian companies in its stress on technical development and the ploughing back of profits, it is typical in that it is still controlled by a handful of individuals from the original owners.

It also has a close association with Itausa, the holding company of the leading financial group Itau, headed by Sr Olavo Setubal, Laerte's cousin and the nephew of the companies' founder, Sr Alfredo Egydio de Souza Aranha.

The link is one which has benefited Duratex, within the confines of a regulation which bars associated companies from borrowing more than 10 per cent of their credit needs from a sister bank.

A patriarch of the old school, Sr Souza Aranha was a financier of the Brazilian Nazi Party during the 1930s and a strong opponent of Sr Setubal's father, a liberal politician.

What set him apart from his fellow entrepreneurs was his commitment to marketing as an all-embracing doctrine, summed up in the remark that "maybe the most perfect example of marketing is the evolution of the species."

Where Sr Setubal goes from here, in the uncertain future faced by Brazilian industry after two bad years, and a third coming up, even he cannot tell. Duratex has weathered the recession well, partly because it had the cash to play the money markets, a move which Sr Setubal deplores as corrupting to the company's ethic.

Unlike his ambitious cousin, who is tipped as a future Finance Minister, Sr Setubal has no thoughts of joining the slippery board game of Brazilian politics. The next few years are going to be rough and Duratex will need all its strength and Sr Setubal's marketing skills to hang on.

Debt crisis fails to curb Costa Rica's shopping boom

BY TIM COONE IN SAN JOSE

UNLIKE other Central American countries, Costa Rica shows few outward signs of the dire economic crisis which the region is undergoing. In spite of drastic reductions in imports over last year, luxury goods still abound in the shops and business over Christmas and New Year was as good as ever.

However, economic activity has only kept up thanks to the freezing in mid-1981 of both interest and principal payments on the country's $4bn (£2.5bn) foreign debt. Some $350m in interest payments alone is now overdue and Costa Rica faces a severe foreign exchange shortage.

In December, the International Monetary Fund (IMF) finally agreed to a $100m finance package, tied to an economic austerity programme, which is considered the first stage in an economic stabilisation programme.

Renegotiation of $1.2bn of public debt and a further $900m of private sector debt owed to more than 180 foreign banks has still to be tackled, as has another $350m owed by Costa Rica's administration to other governments.

The Government's new economic strategy, as conceived by President Luis Alberto Monge with the aid of the IMF, is to pare back the state sector, cut real wages, finance the fiscal deficit by increasing taxes and utility charges to make more credit available for the private sector, and aim for export-led growth with foreign investment as its driving force.

Non-traditional exports of agro-industrial products and light manufacturing and assembly are the target areas for growth. The U.S. will be the main export market, according to Mr Richard Beck, a prominent member of the chamber of industry, and Mr Guillermo von Breyman, president of Banex, an important trade financing bank in San Jose.

They see the traditional Central American market as of secondary importance, especially if the U.S. Congress approves the trade package embodied in the Caribbean Bason Initiative.

Mr von Breyman said, however, that the colon, Costa Rica's currency, should be devalued against the dollar for the U.S. strategy to be effective.

Mr Carlos Araya, president of the Chamber of Industry, said that a further devaluation will make things even worse for local businesses, "many of which have large dollar debts and are already technically bankrupt following the 500 per cent devaluation of the colon over the past two years."

Paradoxically, high interest rates have been holding back demand for credit from the private sector, creating excess liquidity in the banking system, he added. With further interest rate increases being part of the IMF package, Mr Araya was not confident that the situation would improve dramatically this year.

Of more immediate concern to the Government, however, is how the public sector unions will react to the IMF package. Mr Orlando Solano, president of the 15,000-strong public employees' union Anep, said that a united front of public sector unions was presently being formed to confront the Government over the IMF package in the New Year. The Government's acceptance of the package was going to make an already tense situation "explosive." He pointed out that since March 1981, prices had increased by 190 per cent

The unions, however, will be able to count upon some support from within the legislature. The Left-wing of the ruling Liberation Party (PLN) controls the Costa Rican congress and together with the four Communist representatives can be expected to soften the harshest aspects of the Right-wing executive's austerity programme.

More seriously, senior PLN officials say that Mr Monge's willingness to accept the IMF conditions and his close identification with U.S. foreign policy on Central America could split the party.

Apparently hedging his bets, Mr Monge has announced a visit to Europe in May and changes in his Cabinet early this year.

President Monge will be aiming to re-establish Costa Rican political and economic credibility with the Europeans, before the latest IMF agreement ends up being buried alongside the last two of 1980 and 1981.

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UK NEWS

Jobless trend worsens with rise of 34,000

BY ROBIN PAULEY

UNEMPLOYMENT in Britain last month rose by 34,000 to 3,096,997 with the underlying trend remaining upwards for the 37th consecutive month.

Figures published by the Department of Employment show that although some school leavers started to find work in December, there was a sharp increase in adult unemployment. Nearly 17,000 school leavers found jobs, but adult unemployment rose by 51,000 – four or five times the usual December rise – to 2,966,000.

There is little reason to expect the upward trend to be reversed in the near future and the figures for January, always a bad month, are expected to be exceptionally bad this year, perhaps adding 100,000 to the total.

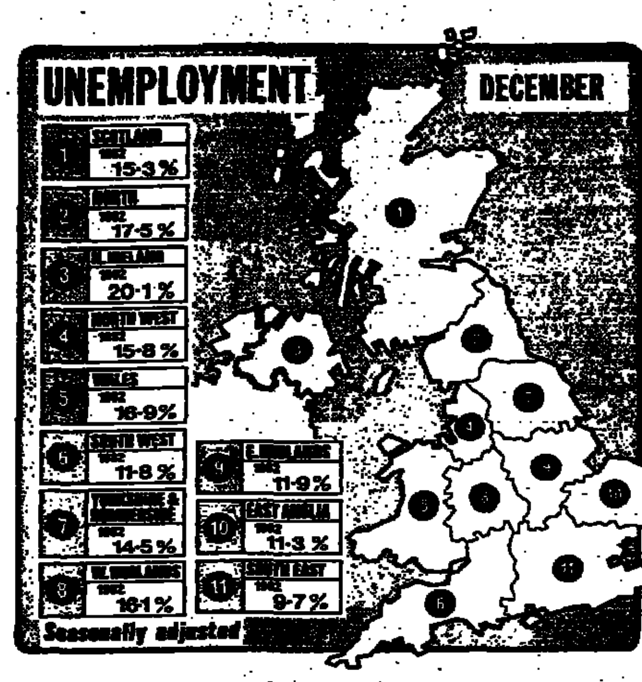
The latest figures are the worst on record – whether calculated on the Government's new or old system of assessment, and brought sharp reaction yesterday from union leaders, the Confederation of British Industry (CBI) and the Labour Party.

Sir Terence Beckett, director general of the CBI, said the figures were an urgent reminder of the vital need to concentrate on help for commerce and industry in the forthcoming budget. "The burden of costs on industry must be reduced if competitiveness is to be restored," he said.

A Trades Union Congress spokesman said that unless there was either a change of Government or of policy, 1983 would be "yet another year of rising joblessness and falling hopes."

Opposition politicians attacked the Government for changing the method of counting the figures. The new total is a computer count of those claiming benefit, and replaces the old manual count of those registered with job centres as seeking employment.

Registered unemployed people who do not claim benefit no longer appear in the figures, probably reducing the total by about 100,000. Technical factors reduce the figure by about another 90,000.



Mr Eric Varley, Opposition spokesman on employment, said it was a sad comment on Mr Norman Tebbit, the Employment Secretary, that he was "devoting more time to fiddling the facts about unemployment than to taking action to reduce it."

Mr Tebbit said he was disappointed by the figures but noted that the total rise in the number of jobless last year was 300,000, "only half that experienced in 1981."

Mrs Shirley Williams, spokesman for the Social Democratic Party, said the true figure of jobless was about 3.9m. This became 5.3m by adding in "all those who are so discouraged by the slump that they have given up all hope of a job, plus those who are on special Government make-work tasks because they do not have a real full-time job."

"It is not enough to blame the world recession. Britain's unemployment has risen almost twice as fast as that of the rest of Europe since the Conservatives came into office," she added.

On a seasonally adjusted basis the total number of adult unemployed, excluding school leavers, rose by 41,000 to 2,947,000 in December. The number of vacancies notified at job centres rose by 3,000, but remains at a very low level of 118,000.

Unemployment increased in every region of the UK

Although the recession has taken longer to bite into employment in the south of England, the number of jobless in all the southern regions is now rising consistently each month.

In Greater London there were 343,846 persons out of work, compared with 341,086 in November, a rise of 2,760. But if school leavers are taken out, the rise in Greater London has been even worse – up 6,000 in a single month.

Merger in bright bar sector approved

By Ian Rodger

THE PROPOSED merging and rationalisation of the bright bar manufacturing activities of Guest Keen and Nettlefolds (GKN), British Steel Corporation (BSC) and Brymill have been approved by the companies. The Department of Trade is not to refer the merger to the Monopolies Commission.

A new company, British Bright Bar, has been formed to take over the relevant assets, which are estimated to be worth £14m and include GKN's Nationwide Steelstock. GKN and BSC will each hold 40 per cent stakes in the new company and Brymill 20 per cent.

The three producers account for about a third of the 0.9m tonnes of bright bar capacity in the UK. British Bright Bar's rationalisation plan calls for its capacity to be cut to 100,000 tonnes and the combined workforce of about 1,000 to be reduced by two thirds. The Government is providing up to £3m in grants.

The plan, which is still subject to European Commission approval, is the most significant rationalisation scheme in the bright bar sector so far.

Last year, Mr George Weldon, of Touche Ross, carried out a study of the sector and found that overall demand for bright bar was running at less than 40 per cent of total UK capacity.

Mr Weldon's attempts to organise a self-help scheme for the sector have been unsuccessful so far, partly because there are several fairly small companies that have baulked at the cost.

The only other recent rationalisation move was the acquisition for £400,000 of the stocks and goodwill of Coghlan Steel of Leeds by Arthur Lee & Sons in November. Coghlan's operations have been closed and its orders transferred to Lee's bright bar plants.

Foundries' deadline, Page 7

Busiest year for N. Sea oil search

By Ray Dafter, Energy Editor

OIL INDUSTRY explorers have just completed their busiest year in the North Sea. They drilled more exploration and appraisal wells with more rigs than ever before, according to a new offshore report published today.

According to Croydon-based analysts, Petroleum Information, the industry drilled 221 exploration and appraisal wells offshore northwest Europe last year. This compared with 159 wells sunk last year and the previous record number of 174 drilled in 1975.

The UK industry again dominated offshore work. Petroleum Information counted 81 exploration wells in the UK sector of the North Sea last year as against 54 in 1981. In addition, the industry sank 29 appraisal wells (19 in 1981), 34 development wells (29) and five re-entry wells (four). These figures exclude wells drilled from fixed production platforms.

UK operators were also more successful than in 1981. They made at least 10 discoveries in 1982, against six in the previous year, although the report points out that many companies refused to disclose details of their drilling activity.

Shell, as operator for the Shell/Esso partnership, was again the most active drilling company on the UK Continental Shelf in 1982, sinking 14 wells compared with 16 in 1981. Britoil, the former exploration and production arm of British National Oil Corporation, was again the second busiest with 13 wells (14 in 1981). But Hamilton Brothers, with 10 wells sunk in 1982, replaced British Petroleum in third spot.

Of the 169 exploration wells drilled offshore northwest Europe last year, 27 were successful in finding new oil or gas accumulations. After the UK, with 81 exploration wells and 10 discoveries, were: Norway – 35 wells (12 discoveries); Netherlands – 36 wells (five discoveries); Ireland – three unsuccessful wells; West Germany – nine unsuccessful wells; Denmark – four unsuccessful wells; and France (north of the 48 degrees parallel), – one unsuccessful well.

"Offshore Drilling Activity Northwest Europe 1982; Petroleum Information, Green Dragon House, 64/70 High Street, Croydon, Surrey; £6.

Takeover dispute, Page 7

NEW DEFENCE SECRETARY NAMED IN CABINET RESHUFFLE

Heseltine: an ambitious loner

BY JOHN HUNT

MR MICHAEL HESELTINE, who was appointed Defence Secretary in the Cabinet reshuffle yesterday, has always been something of a loner in the Conservative Party.

In his new post, he will replace Mr John Nott, who came to international notice during the Falklands conflict, but subsequently announced that he wished to retire from politics.

Since 1979, Mr Heseltine has been Secretary of State of the large Department of the Environment, and he has become known as a pragmatist who travels light, without cumbersome ideological baggage. He has steered a course between the extremes in the party of liberal "wet" policies and right-wing "dry" policies.

He has managed to maintain a liberal reputation with his well publicised programme to improve the inner cities after the riots of summer 1981, which were worst in the deprived areas of Brixton in South London and Toxteth in Liverpool.

At the same time, he has maintained the pressure on local authorities to curb overspending – a policy which is dear to the hearts of the prudent, right-wing monetaries in the party.

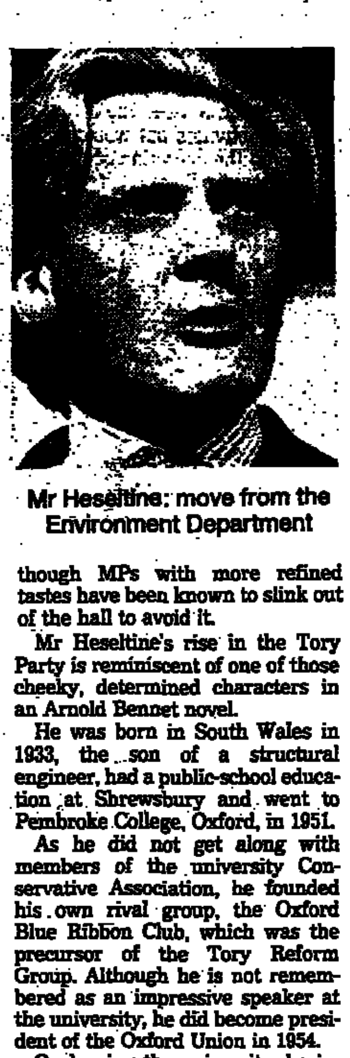
A new system of control and accountability introduced within his own department has also found favour and is being urged on other reluctant Whitehall ministries by an enthusiastic Mrs Margaret Thatcher, the Prime Minister.

She is said to have a wary respect for Mr Heseltine. This is understandable, as a few minutes in his presence is enough to convince anyone of his intense, driving ambition.

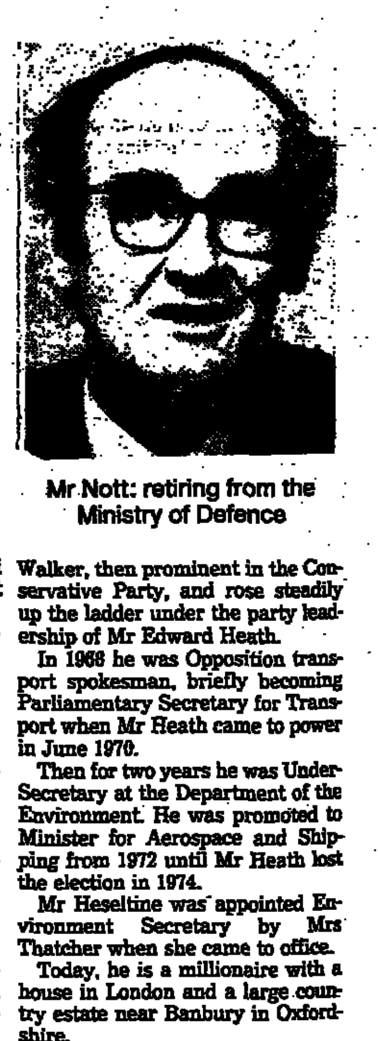
In the past, he has had a highly flamboyant image with the good looks and the long blond hair that earned him the nickname of Tarzan.

There were, of course, a few indiscretions, such as the occasion when he seized the Mace in the House of Commons and waved it threateningly at the Labour benches. Then there was the time when he unwisely upstaged Mrs Thatcher with a tub-thumping performance at the Conservative Party conference soon after she became leader.

Although that has not endeared him to Mrs Thatcher it has done him no harm with the middle-aged rank and file of the party, who give him the sort of adulation usually reserved for pop stars. His annual "rant" at the party conference has now become a regular favourite, although MPs with more refined tastes have been known to slink out of the hall to avoid it.



Mr Heseltine: move from the Environment Department



Mr Nott: retiring from the Ministry of Defence

Mr Heseltine's rise in the Tory Party is reminiscent of one of those cheeky, determined characters in an Arnold Bennet novel.

He was born in South Wales in 1933, the son of a structural engineer, had a public-school education at Shrewsbury and went to Pembroke College, Oxford, in 1951.

As he did not get along with members of the university Conservative Association, he founded his own rival group, the Oxford Blue Ribbon Club, which was the precursor of the Tory Reform Group. Although he is not remembered as an impressive speaker at the university, he did become president of the Oxford Union in 1954.

On leaving the university, he invested a legacy of £1,000 in a boarding house in London's Notting Hill and, taking advantage of the property boom of the 1950s, traded this up to a hotel in nearby Bayswater. He ended up by owning half a street.

Then he moved into the uncertain world of publishing, where two of his early ventures, a glossy magazine and a news review, collapsed. But he went on to hit the jackpot with his Haymarket Press trade publishing group, owners of a number of successful, specialised magazines.

Mr Heseltine first stood for Parliament, unsuccessfully, in 1959, and lost another election in 1964. But two years later, he was elected member of Parliament for Tavistock, and has represented Henley in Oxfordshire since 1974.

He was a close friend of Mr Peter Walker, then prominent in the Conservative Party, and rose steadily up the ladder under the party leadership of Mr Edward Heath.

In 1968 he was Opposition transport spokesman, briefly becoming Parliamentary Secretary for Transport when Mr Heath came to power in June 1970.

Then for two years he was Under-Secretary at the Department of the Environment. He was promoted to Minister for Aerospace and Shipping from 1972 until Mr Heath lost the election in 1974.

Mr Heseltine was appointed Environment Secretary by Mrs Thatcher when she came to office.

Today, he is a millionaire with a house in London and a large country estate near Banbury in Oxfordshire.

As he approaches his 50th birthday, a crucial age for the ambitious politician, he does not hide the fact that he would dearly like to become Prime Minister. After all, there is a long history in the Tory Party of the lone outsider eventually getting the top job at Number 10, Downing Street.

● Mr Heseltine's successor at the Department of the Environment is Mr Tom King. Other new appointments are: Mr David Waddington, Minister of State at the Home Office; Mr David Mellor, Under-Secretary at the Home Office; Mr Timothy Raison, Overseas Development Minister; Mr Geoffrey Pattie, Defence Procurement Minister; Mr Ian Stewart, Defence Procurement Under-Secretary; Lord Bellwin, Local Government Minister; Mr John Selwyn-Gummer, Employment Under-Secretary; and Lord Avon, Energy Under-Secretary.

Panel rules out GUS mail order merger

By Ray Maughan

THE PROPOSED and existing mergers of Great Universal Stores (GUS) and Empire Stores (Bradford), the mail-order group, were against the public interest, a Monopolies and Mergers Commission report ruled yesterday.

The five members of the investigating team, headed by Sir Alan Neale, were in complete accord.

The commission has taken as its text Section 84 (I) of the Fair Trading Act 1973, the statue which forms the guidelines for Monopolies' consideration of public interest. This is one area of the Act where the legislative brief is on its firmest ground.

This section requires the commission to consider the desirability "of maintaining and promoting effective competition between supplying goods and services in the United Kingdom."

The Commission found that GUS controlled 40 per cent of the general catalogue mail order market, while Empire had a further 7 per cent. "If the five competing companies in the industry were to be reduced to four by a merger of GUS and Empire, GUS would emerge with a potential 47 per cent of catalogue mail order with the other three leading companies sharing 51.5 per cent."

GUS argued that mail order was only a small constituent of the overall retail market, and competition from retail outlets was increasing.

Sir Alan and his colleagues accepted the premise on which GUS's observations were made, but "not the inference."

"GUS is the dominant company in a distinct sector of a market which is particularly difficult to enter and characterised by an unusually high degree of concentration.

"A material increase of market share by acquisition would increase GUS's power to influence prices and weaken its competitors, reducing competition and making a further increase in competition more likely," their report said.

Turning to the question of GUS's 29.99 per cent holding in Empire, the Commission concluded that "we think it is undesirable that so powerful a shareholder as GUS should be in a position materially to influence the policies of another competitor such as Empire."

They go on with an unspoken reference to Sears Holdings, the retail giant which has made plain its ambitions in the mail-order market. The commission felt that it was particularly undesirable that GUS should be able "to influence Empire against alternative courses of action or association which it might wish to consider."

"It seems to us also that the shareholding could indirectly act as a deterrent to other parties who might wish to form an association with Empire," the commission added.

But the matter of Empire's eventual ownership is by no means concluded.

GUS has been given up to two years to reduce its holding to less than 10 per cent and is expected to start discussions with the Office of Fair Trading about the terms of the disposal.

Next week should also see the first meeting between Mr John Gratwick, chairman of Empire, and Mr Geoffrey Maitland-Smith, chief executive of Sears Holdings.

Mr Maitland-Smith said yesterday that Sears's long-held desire to buy its way into the mail-order market was undiminished. He was anxious, however, to discover how Empire was faring during the slump in mail order sales generally and the recent deterioration of its bad-debt exposure.

Foundries given 3-week deadline for reshaping plan

BY JOHN LLOYD, LABOUR EDITOR

MAJOR foundry companies have a little over three weeks to decide whether or not to participate in a rationalisation programme which would cut capacity in the general foundry sector by 30,000 tonnes – or 30 per cent of output. It could lead to the loss of at least 2,200 jobs and the closure of up to 18 companies.

The rationalisation scheme has been drawn up by Lazard Brothers, the merchant bank, and is backed by £6m Government aid. The Government has threatened to withdraw the aid if the plan is not approved by January 31.

In addition, Lazard has given the companies until next Monday to decide whether they wish to be an "opener" or a "closer". The companies which remain open must pay a percentage of future profits to those companies which agree to close their plants.

The "closers" must agree not to engage in any foundry operations for at least 10 years, or to sell or destroy their machinery.

The plight of the foundry industry is worsening continually, and the target capacity reduction has risen over the past year from 15 per cent, or 15,000 tonnes, to the present total. Government's offer of aid has also risen, from £2.5m to £6m.

A scheme for the high alloy sector, also promoted by Lazard, has largely been completed, though a further £1.8m state aid has been made available for the remaining companies to come in to the scheme.

The general sector accounts for some 80 per cent of the UK steel castings industry, and has been badly hit by the decline of its markets in the truck and general engineering industries. An increase in cheap foreign castings, particularly from Spain, has also contributed to the sector's problem.

Mr Alex Ferry general secretary of the Confederation of Shipbuilding and Engineering Unions, said yesterday, that the unions would oppose the scheme, and would not co-operate with companies who took part in it. A letter had been sent to the managing directors of all foundry companies, warning them of the unions' position.

Mr Ferry said: "It used to be workers who were called Luddites (machine breakers). Now it seems to be the Government, who are paying employers to wreck machines. It means we will be bereft of an industry when an economic upturn comes."

MARKET LEADER ANNOUNCES 4% INCREASE

Ford raises car prices

BY JOHN GRIFFITHS

FORD yesterday made the first move in what it clearly expects to be a general round of car price increases in the UK over the coming weeks.

It announced that it is raising prices of all its cars, except the Capri range, by an average of 4 per cent from January 15.

This is the first general price increase by Ford since November 1981, when prices were raised by an average of 3.7 per cent.

Ford appears to believe that after more than 12 months of heavy discounting, and virtual stagnation in all new car list prices, the time is ripe for a general lifting of price levels.

Despite a reduced market share – down to 30.5 per cent last year from 30.94 per cent in 1981 – Ford was the only major UK manufacturer to make a profit last year. Vauxhall, BL and Talbot continued to make substantial losses.

While none of its three main rivals has made any declarations about pricing intentions, Ford seems to consider that, as market leader, its own move will produce a behind-the-scenes sigh of relief among other manufacturers. Vauxhall acknowledged last night that its own prices were "under review."

Ford is making the move despite coming slightly unstuck over its pricing strategy for the Sierra model, which replaced the Cortina in October. It had hoped to add another 8 per cent to Sierra prices compared to Cortina.

However, Vauxhall, whose Cavalier model has emerged as a significant rival to the Cortina/Sierra, failed to follow a 4.5 per cent rise in the Cortina's price in April. Just prior to the Sierra launch a 5 per cent rise in Cavalier prices, together with an upgrading of specifications, still left the Cavalier only marginally more expensive than the Cortina.

Thus Ford had to make do with only a 3.5 per cent price premium for the Sierra.

Nevertheless, it believes that even if other manufacturers do not respond immediately, they will have to do so very shortly.

That judgment is based on the severe financial pressures confronting manufacturers both in the UK and on the European Continent.

Although Vauxhall cut its losses substantially on last year's first half, its net losses were £21.7m. Its hopes of making a net profit this year are expected to go unrealised.

BL is still aiming to break even at the operating level by the end of this year, after several years of losses of up to £500m, but the rife discounting of the past 12 months has made this increasingly difficult to achieve.

Talbot UK's losses in last year's first half alone were £40.59m.

The deeper, underlying pressure is that the UK and European Continental industries believe they need to invest $80bn over the next few years if they are to remain competitive in world terms. In present market conditions they are facing a huge cash shortfall.

Ford's move will not provide much relief to dealers, whose margins have been cut to 16½ per cent from 18½ per cent as part of past moves to keep prices down.

Similar moves have been made by other manufacturers. But a recent survey by the Institute of Fiscal Studies showed that, in the current market climate, dealers' official margins were being offset by unofficial discounting of up to 17.4 per cent on some models.

One source of pricing pressure is, however, being eroded. The weakening of sterling against European Continental currencies during the past few weeks has markedly reduced the incentive for personal imports. The prices of some Vauxhall and Ford models in the UK are virtually down to the levels in other European countries.

Apprentice pay cut agreement boosts employment hopes

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

AGREEMENT on a substantial reduction in apprentice pay rates has been reached as part of a radical reform of industrial training in the electrical contracting industry.

The relative pay of trainees to skilled workers is much higher in the UK than in industrial competitors, such as Germany. British ministers convinced that pay is a factor in low apprentice recruitment and high youth unemployment problems, will warmly welcome the agreement as a step in the right direction.

Under the agreement, reached between the Electrical Contractors' Association and the Electrical and Plumbing Trades Union (EPTU), the £41 per week initial pay rate for apprentices will be replaced by a £27.88 allowance.

This will be paid by the Manpower Services commission under the Government's Youth Training Scheme. It has been set at the maximum level at which it will be free of tax and national insurance deductions.

At subsequent stages of their training, apprentices will receive rates of £46 and £65 per week from their employers. These are up to 20 per cent below existing age-related apprentice rates.

In another important breakthrough which is likely to moderate future increases in apprentice pay rates, it has been agreed that they will no longer be calculated as a percentage of minimum skilled rates, but will be negotiated independently.

Mr Eric Hammond, general secretary-elect of the EPTU, said the union had not agreed to a reduction in apprentice pay "with joy in its heart."

But it was faced with a huge decline in apprentice recruitment and the view of employers that the cost of apprenticeship was too high.

The union, said Mr Hammond, felt that it had an obligation to provide young people with training opportunities and the industry with an adequate supply of skilled labour. The agreement reflected this.

Another important and novel feature of the new agreement, which will come into effect this summer, is that it should overcome fluctuations in apprentice recruitment in different economic conditions.

The industry will jointly decide how many recruits are needed each year, and these will be guaranteed training and employment to the end of their apprenticeship, provided they meet the training standards.

Government 'in breach of faith' over N. Sea diving takeover

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT-backed British Underwater Engineering Group (BUE) is set to take over a major diving company in the face of a growing North Sea row.

The group is close to concluding a deal, estimated to be worth about £5m, with KD Marine, an Aberdeen-based international diving company. But Mr Ric Wharton, managing director of another leading diving company, Wharton Williams, and British Underwater Engineering's first chairman, claimed yesterday that the deal would break a government pledge.

He said that when BUE was set up in 1979, under the auspices of the National Enterprise Board, shareholders agreed that the company would not become involved in diving activities but would concentrate on the operation of submersible vessels and associated ships.

Mr Wharton said he was "extremely angry" at the Government's "gross breach of faith." He added that he would not have helped to set up BUE if he had realised that it would later become a direct competitor of Wharton Williams.

But within Whitehall it was being pointed out that Mr Wharton severed connection with BUE early in 1980, since when the company's shareholders agreement had been amended to allow for diversification into diving.

Mr Norman Smith, BUE's present chairman, said: "It is known that we have been looking at diving companies. It is the major underwater services activity in which we are not currently involved." But Mr Smith would not confirm that BUE was in negotiation with the Canadian-owned KD Marine group.

However, it is thought that BUE is receiving unofficial encouragement for its bid from the Energy Department's Offshore Supplies Office. Senior officials of this office, responsible for promoting the UK offshore supply industry, have been concerned that KD Marine might be taken over by a U.S. diving company.

The row, which has led Mr Wharton to write protesting letters to Government ministers, involves three offshore service companies with considerable involvement in North Sea exploration and production work.

BUE was originally based on £5.5m of assets acquired by the National Enterprise Board from the loss-making Vickers Offshore Engineering Group. It was initially managed by Wharton Williams.

Present shareholders of BUE are: the National Enterprise Board, which is part of the British Technology Group (71.7 per cent); North Sea Assets, and Edinburgh-based investment company (18.3 per cent); and the American-owned Brown and Root contracting group (10 per cent).

BUE, which employs about 600 people, claims to be the UK's biggest operator of manned underwater vehicles. Its current annual turnover is about £17m.

KD Marine, which would not comment on take-over discussions, employs between 200 and 250 divers during the summer season of peak offshore activity. Its annual turnover is about £7m – £8m.

New tour operator formed

By Michael Donne, Aerospace Correspondent

A NEW air holiday company has been formed by Caledonian Aviation, the parent company of British Caledonian Airways and Blue Sky Holidays, and the Rank Organisation, which owns Rank Travel and tour operators OSL and Wings.

The 50-50 joint company is called British Caledonian Airways (Charter). It will use two McDonnell Douglas DC-10-10 three-engined aircraft on long lease from Mitsui of Japan. European inclusive tour charter services will start from March.

The flights will be made from points in the UK to resorts in Spain, the Canary Islands, Portugal, Italy, Greece and its islands and Germany. Each DC-10 will have 380 seats.

Capacity not taken up by Blue Sky, OSL and Wings will be marketed elsewhere by OSL's own aviation division.

The chairmanship of the new company will alternate between the Rank Organisation and Caledonian Aviation. The first chairman is Mr Peter Drew, chairman and managing director of Rank Travel. The acting chief executive will be Mr Frank Hope.

Mr Hope is a director of British Caledonian Helicopters

● British Airways is reintroducing flights between London and Montego Bay, Jamaica, from May 7. The airline suspended flights there in 1975 after a fall in leisure demand. Recently, tourism to the island has improved. The service will be once weekly, non-stop.

Many UK tour companies, including GL Travel, Kuoni, Rankin Kuhn, Speedbird, Tradewinds and Wings have already booked space.

Computer man Sinclair starts to court the investors

City of London institutions heard this week from Clive Sinclair, head of Sinclair Research, the fast-growing British computer company, about plans to launch a miniature television set the size of a paperback book. If successful, the tiny television could prove as big a money spinner for Sinclair as computers have been in the company's short but remarkable history. Jason Crisp reports.

MR CLIVE SINCLAIR – Britain's remarkable, maverick entrepreneur and prolific innovator – this week began his courtship of the City of London institutions.

He spent most of Wednesday afternoon at the London offices of N.M. Rothschild, the merchant bankers, presenting the merits of his high-flying computer company, Sinclair Research, to a select group of institutions.

The purpose of the presentation was part of the process of placing 10 per cent of the company – which is 95 per cent owned by Mr Sinclair himself – with investors.

The City of London and Mr Sinclair are not the most natural of bedfellows. The City is cautious about Mr Sinclair's chequered business record while he remains deeply suspicious of the British establishment.

But Sinclair Research is one of the most remarkable business success stories of recent years. Founded in July 1979, it launched its first products in February 1980 and expects a turnover in the present financial year of about £50m.

The first product was a personal computer which sold for under £100, substantially below anything offered by the competitors. In 18 months, Sinclair sold 100,000 computers in a market which did not exist before. In March, 1981, Sinclair launched a new computer which was more sophisticated and powerful, better designed and cost just £70.

Since then, the price of that computer, the ZX81, has been cut to £50. The company has also launched a more powerful model, the Spectrum, costing £125 or £175, depending on the version. In three years Sinclair Research has sold more than 600,000 computers in 30 countries.

In addition to the computers themselves, Sinclair Research has also been selling a tiny printer, add-on memory and computer programmes. In the year to March 1982, the company made just under £10m profit in sales of £27m.

Sinclair is expected shortly to launch a mass storage memory for his computers – a micro floppy disc drive costing about £50, while potential investors were told this week that the company planned to launch the much-delayed paperback-book sized black and white television in the second quarter of this year.

The "Microvision," which uses a revolutionary almost flat picture tube, has been a long-held dream of Mr Sinclair. Its launch was first scheduled for early last year and then delayed for the recent Christmas market. Sinclair says it has had production difficulties.

If it is successful, the tiny television could prove to be as big a money spinner as the computers. Production plans for the first full year are to make 1m units – and they will sell for little more than £50, says the company.

The doubts which always surround Mr Sinclair stem from past failures, most notably Sinclair Radionics which had to be bailed out by the National Enterprise Board. Although Sinclair Radionics pioneered the world's first pocket calculator it was soon overrun by massive Japanese competition. An infamous digital watch was a disaster because of faulty components.

A a result of past failures, Mr Sinclair now tries to tackle markets on a world scale and also sub-contracts as much of the operation as possible to concentrate his strength on innovation.

This £50m-a-year company employs just over 50 people of which most are based in Cambridge. They are employed in research and development, administration and marketing. Production, distribution and advertising are sub-contracted.

Most Sinclair products are made by Timex in Dundee. Timex also has the North American marketing rights for the computer products for which it pays Sinclair Research a royalty.

One of Clive Sinclair's pet projects – a revolutionary electric town car – has been excluded from Sinclair Research for fear of frightening away potential investors. Development of the car will be funded by Sinclair himself, greatly assisted by the £20m or so expected to be raised by the placement of the 10 per cent of Sinclair Research.

The prototype electric car is not expected to be revealed until next year, and will need huge investment for the production stage. By then, Sinclair Research, strictly a consumer electronics company, is likely to be a publicly quoted company.

Devaluation proposal defended

BY JOHN HUNT, PARLIAMENTARY STAFF

THE CONTROVERSIAL proposal that a future Labour government should devalue the pound by 30 per cent to help British industry and boost exports was strongly defended yesterday by Mr Jack Straw, one of the party's parliamentary spokesmen on economic affairs.

The suggestion, contained in Labour's policy document put out in November by Mr Peter Shore, the shadow Chancellor of the Exchequer, attracted considerable criticism. Since then the party has been rather on the defensive about it.

Last night, however, Mr Straw said it was wrong to claim that currency devaluations did not work. Detailed International Monetary Fund (IMF) studies showed that positive benefits of considerable magnitude had rapidly come from the British devaluation of 1967.

"A further downward adjustment in the sterling rate has to be the principal way of restoring Britain's competitiveness and some of the health of industry, as few serious commentators now doubt," Mr Straw said.

He conceded that the policy would not be without some adverse consequences. But he also pointed out that Mr Leon Brittan, Chief Secretary of the Treasury, had admitted that three quarters of the improvement in cost competitiveness since the first quarter of 1981 reflected a fall in the exchange rate.

Mr Straw also sent a letter yesterday to the Chancellor of the Exchequer, Sir Geoffrey Howe, complaining about the drain of Britain's reserves caused by the Bank of England's intervention to support sterling during December.

Britain's reserves were at a "perilously low" level, Mr Straw told the Chancellor. They were now under 4 per cent as a proportion of Gross Domestic Product (GDP), the lowest since 1976.

Mr Straw pointed out that the £500m spent to support sterling during December was 2½ times as much as the cost of support in November. When Labour left office in 1979 reserves were 6 per cent of GDP.

"I should be grateful if you could let me know what exactly is the Government's exchange rate and reserve policy," he said in his letter.

According to Mr Straw, the claim that the Government has no official exchange rate target looks increasingly threadbare.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Bank	10 %	Hargrave Secs. Ltd.	10½ %
Amro Bank	10 %	Heritable & Gen. Trust	10 %
Henry Ansbacher	10 %	■ Hill Samuel	§10 %
Arbuthnot Latham	10 %	C. Hoare & Co.	†10 %
Armco Trust Ltd.	10 %	Hongkong & Shanghai	10 %
Associates Cap. Corp.	10 %	Kingsnorth Trust Ltd.	11 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	10½ %
Bank Hapoalim BM	10 %	Lloyds Bank	10 %
BCCI	10½ %	Mallinhall Limited	10 %
Bank of Ireland	10 %	Edward Manson & Co.	11 %
Bank Leumi (UK) plc	10 %	Midland Bank	10½ %
Bank of Cyprus	10 %	■ Samuel Montagu	10 %
Bank Street Sec. Ltd.	10½ %	■ Morgan Grenfell	10 %
Banque Belge Ltd.	10 %	National Westminster	10 %
Banque du Rhone	11 %	Norwich Gen. Tst.	10 %
Barclays Bank	10 %	P. S. Refson & Co.	10½ %
Beneficial Trust Ltd.	10 %	Roxburghe Guarantee	10½ %
Bremar Holdings Ltd.	11 %	Royal Trust Co. Canada	10 %
Brit. Bank of Mid. East	10 %	Slavenburg's Bank	10 %
■ Brown Shipley	10½ %	Standard Chartered	‖10 %
Canada Perm't Trust	10½ %	Trade Dev. Bank	10 %
Castle Court Trust Ltd.	10½ %	Trustee Savings Bank	10 %
Cavendish Gty Tst Ltd.	10½ %	TCB	10 %
Cayzer Ltd.	10 %	United Bank of Kuwait	10 %
Cedar Holdings	10 %	Volkskas Intl. Ltd.	10 %
■ Charterhouse Japhet	10 %	Westpac Banking Corp.	10 %
Choulartons	10½ %	Whiteaway Laidlaw	10½ %
Citibank Savings	¶ 9 %	Williams & Glyn's	10 %
Clydesdale Bank	10 %	Wintrust Secs. Ltd.	10½ %
C. E. Coates	11 %	Yorkshire Bank	10 %
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10 %		
Exeter Trust Ltd.	11½ %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12½ %		
Robert Fraser	11 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.5%. 1-month 8.75%. Short-term £8,000/12-months 7.5%-9.1%.
† 7-day deposits on sums of: under £10,000 6¾%. £10,000 up to £50,000 7¾%. £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¾%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

Standard measure of oil reserves urged

BY RAY DAFTER, ENERGY EDITOR

THE OIL INDUSTRY is to attempt to find a way of setting international standards for the measurement of reserves. The issue is to be debated at the World Petroleum Congress to be held in London later this year.

The Congress has sponsored a major report on the evaluation of reserves. The report is expected to be published within the next few months, recommending a common approach to such measurements as proven and potential oil reserves.

At present, countries like the Soviet Union, Mexico and the U.S. measure their reserves in different ways. This makes comparisons difficult.

Mr Dan Ion, chairman of the congress's UK committee, said this week that it was important to promote common standards at a time when reserves were being featured much more prominently in national economic planning.

Some 5,000 delegates are expected to attend the conference, which is to be held at the Barbican Centre in London from August 28 to September 2. The delegates and their accompanying relatives are expected to spend £5m while in Britain.

The conference, to be opened by Prince Charles, is likely to attract scientists and oil specialists from 65 countries, including China. However, organisers are disappointed that there will be only a relatively small representation from members of the Organisation of Petroleum Exporting Countries (Opec).

Congresses are held every four years. The first one was held in London 50 years ago.

● Burmah Oil, as operator for a European exploration consortium, plans to start drilling on its licensed acreage in the Irish sector of the Celtic Sea early this summer. The company said that it would use the semi-submersible drilling rig, Diamond M Hunter.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Waiting to take the plunge

HAVING FINALLY swallowed the unsavoury fact that the property market is in a bad way, attention at the start of 1983 has turned to predicting the likelihood and timing of any improvement.

One of the first authoritative predictions of the new year comes from Richard Ellis, which reckons an upturn is only six to nine months away. By then, it believes, the queue of investors waiting for the right time to buy could have reached daunting proportions.

Ellis believes that a market thrives on volatility, rather than the promise of eternal growth—and extended silences when that growth is not apparent. It reckons that when investors finally do decide to take the plunge, there will be a scramble for plum properties, accompanied by rocketing prices and yet another breakdown in the market mechanism.

In casting its eyes back over 1982—not a particularly rewarding experience—Ellis says flatly that the market failed to function properly.

"People have been out of property for the past nine months at least," according to investment partner Andrew Huntley. "The market has been sluggish because there is not enough disclosure of property assets and of the returns being obtained from them."

For the most part, prime yields took centre stage last year, threatening to rise in the spring and doing so in the summer — when Edward Erdman, Ellis and Healey and Baker bit on the ballet and raised them by an average of around one quarter of a percentage point. The move indicated a 5 per cent drop in values, before allowing for rent revisions and reversions.

Healey and Baker refused to extend the rising yields trend when they next reported early in December. Ellis says that there have been further declines in values, but questions the relevance of these in both qualitative and quantitative terms.

Ellis keeps an eye on just over £1bn worth of commercial property investments, most of which are valued annually. They have divided this into 20 per cent prime, 60 per cent "standard institutional property"—*nailing the lie that institutions define what is prime property by their willingness to invest in it*—and 20 per cent secondary.

Andrew Huntley claims that prime property is now, if anything, relatively cheap in terms of past performance. The same, he says, could also apply to secondary property, where yields are high and competitive investments like gilts have been getting progressively less attractive.

However, the "standard band" was expensive, he says—"bought at yields only a little higher than prime, and producing nowhere near the same rental growth." Values here have dropped by about 10 per cent, he says, with yields in the standard band moving up from 5 to 7 per cent to between 5½ and 7½ per cent.

There has to be something radically wrong — recession, lack of new tenants and the unwillingness of existing tenants to pay higher rents will do for a start—to produce this situation for a suggested three-fifths of the property investment market, and it is obviously not going to right itself in a hurry.

John Orton, the Ellis research chief, says investors in this band should be looking at rental growth prospects rather than yields. Among individual properties, the appearance of growth prospects could mean a move from the 7½ per cent end of the band to 5 per cent—indicating an increase in value of one-third and making a single figure yield irrelevant.

As for prime, says Huntley, "people should be piling in now but the market will probably lag for another six to nine months."

... ... Ellis scenario, taken to its logical conclusion, involves the promotion this year of prime properties, the picking of winners in the near-prime zone and then waiting for investors to sit up and take notice.

More information would oil the machinery. Idris Pearce, the partner known for his work on the RICS Asset Valuation Standards Committee, says that the information will be squeezed out of major investors in three ways:

- by Government legislation over pension funds;
- tougher standards for property investment companies; and
- exposure drafts from the RICS, advancing the standards adhered to by the valuers themselves.

"We need," he says, "to weave a web of enforceable standards with a strength which even a sharp-toothed lion cannot break."

WILLIAM COCHRANE

● FOLLOWING the closure of UKAY, the furniture and carpet retailers, Lambert Smith have been retained to advise on the disposal of the Empire Hall, Olympia. The agents believe the 205,000-sq-ft centre, on which £4m has recently been spent, will be suitable for a permanent display/trade complex. UKAY holds a lease with break clause in three years' time. The rental equates to a little over £1 a sq ft.

● North British Properties has acquired, for over £600,000, the freehold of a Grade Two listed building in Norfolk Street, Kings Lynn. The property will be refurbished to provide a 3,500-sq-ft retail unit. Wilson and Partners will be letting agents.

● Healey and Baker and Farebrothers have been retained to sell a freehold office development site in Hill Street, Birmingham. The site has *outline* permission for 113,000 sq ft of office and 100 parking spaces.

A hat-trick of winners

THE 1982 Christmas property quiz attracted a record number of entrants and, despite some complaints that the questions had become impossibly intricate, no fewer than three contestants got full marks.

The quiz provoked impressive efforts on the part of estate agents, property companies, brokers and even in solicitors' offices—either an indication of the competition's irresistible appeal or possibly the absence of any more pressing business.

And so to the champagne, to be despatched shortly. Joint winners are the investment department of Richard Ellis (for the second year running), the property team at Scrimgeour, Kemp-Gee—some of whom won twice before whilst at Quilter Goodison—and the property analysts at Quilter Goodison itself.

Close runners-up were Jones Lang Wootton and last year's joint winners Weatherall Green and Smith.

My thanks to everyone who entered. Eyes down for the next 12 months of potential questions.

Picture Questions. (a) Montague Alfred of the PSA. (b) Owen Luder of the RIBA. (c) 1 Scrimgeour, Kemp-Gee; 2 Hong Kong Land; 3 Fleming Property Unit Trust; 4 Centrovincial Estates; 5 British Land; 6 Cadillac Fairview. (d) Geoffrey Powell of the PAG. (e) Fred Reeder of Possfund.

1—Rohan on the Morgan Crucible site.

2—Mies Van de Rohe, architect of Peter Palumbo's Mansion House Square scheme.

3—Beaumont Properties and London Shop Property, with identical boards of directors, merged after 30 years of common executive and administrative management.

4—National Westminster expects to occupy Howard Ronson's Water Street office tower during 1983.

5—Michael Heseltine abandoned an agreement with Pearl Assurance to develop the international conference centre off Parliament Square.

6—Dixons bought Nash House, occupied by Sotheby Parke Barnet, to redevelop it.

7—Phillips Petroleum is to occupy the Adelphi—Greek for "two brothers"—office scheme being redeveloped by Town and City and the Prudential.

8—Gerald Ronson of Heron joined Don Diamond and Frank Aries in buying 12,500 acres of land.

9—General Motors, through a private financing deal, raised the money on its 767 Fifth Avenue office building.

10—Seaside Avenue is the site of the Waikiki Trade Centre, owned by MEPC, whose London HQ is at Brook House.

11—To acquire—as the Cannon Group—the Classic cinema chain.

12—As chairman of the south bank committee of the Friends of Chelsea, she opposed the "zig zag" scheme for Vauxhall Cross, designed by Ted Happold and Sebire Allsop.

13—Crowvale, as Associated Newspapers subsidiary, is developing an office and leisure complex with Dimsdale at Lots Ait.

14—A stake in Hamptons, the estate agents.

15—Royal borough of Kensington and Chelsea for sanctioning the partial demolition of the old town hall.

16—Eagle Star Properties have refurbished 79 Pall Mall, her home from 1671 to 1687.

17—Andy Irvine, British Lion, became a JLW partner.

18—The FT was buried, along with other mementoes, in a time capsule under Guardian Royal Exchange's office scheme in Lovat Lane, City.

19—As an inspector for the DoE, listening to planning appeals involving both sites.

20—London Land are retaining the Italian facade on the Whiteleys store, now being redeveloped.

21—Regional Properties in its dispute over St Stephens precinct.

22—Bairstow Eves.

23—The BBC had to pay damages to Harry Hyams for suggesting he deliberately left Centre Point empty.

24—Hong Kong Land, to develop its Connaught II scheme in Hong Kong.

25—London and Leeds bought air rights next to the YWCA to enable a scheme to go ahead.

26—Heron Property is developing an office scheme on the Avenida de la Diagonal.

27—Jones Lang Wootton, appointed by the People's Republic of China to let space in a Wanchai office scheme.

28—Jones Lang Wootton.

29—St Martins Property Corporation pulled out of proposed warehousing scheme in Bristol.

30—Warnford Investments are developing and restoring Wardrobe Place.

31—Commercial Union is vacating space at St Helen's Undershaft, City.

32—Chesterfield Properties (Roger Wingate) and the Merchant Navy Officers Pension Fund (Geoffrey Musson) have rebuilt Walpole's former home in St James's, London.

33—As joint managing directors of Dencora they arrived via the unlisted securities market.

34—The Duke of Westminster.

35—British Land again had planning permission refused for its Clapham Junction site.

● Warburg Investment Management has paid about £450,000 for a prime freehold shop at Market Place, Durham. The 2,000 sq ft shop was previously owned and refurbished by Simons of Lincoln and is let to Thomas Cook at around £20,000 a year. Chestertons acted for the tenants and for Warburg.

● Chartered accountants Thornton Baker have paid £5 a sq ft overall—believed to be the highest rental achieved in Southampton for a building of its size—for a refurbished period office building of 5,200 sq ft. The Carlton Crescent building was let by Suttons Comercial.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

PRODUCT DESIGN: BY CHRISTOPHER LORENZ

A belated boost for industry

A YEAR AGO Margaret Thatcher's self-confessed weakness for lamp-posts was the only concrete evidence, so to speak, of her commitment to design as a key weapon in industrial competitiveness.

True, she was about to play host to a glittering bevy of designers at a seminar-reception in Downing Street, but the event was likely to be just another worthy talking-shop, with the converted preaching to the converted. And was the Prime Minister herself really a convert anyway, regardless of her protestations? After all, she had cut, not increased, the grant of the Design Council, which is the government's official agency for the promotion of design.

Against all the odds, last January's meeting at Number 10, with invaluable (but unorchestrated) support from a wide range of private sector initiatives—notably the opening of the Conran Foundation's "Boilerhouse" design showcase at London's Victoria and Albert Museum—has had a galvanising effect.

A sharp upsurge in public and official discussion about design has been quickly matched by action in the form of a series of public spending projects. While not representing any real increase in the Design Council's near-£4m grant (a well-nigh impossible task in the current financial and political climate), these have enabled it to expand its promotion of design in industry. The initiatives include the free or subsidised use of design consultants, and in education a wide range of means such as a special design newspaper for schools.

As of this week, the Government has now begun to attack what the industry minister responsible for design, John Butcher, calls "the biggest task before us — to change the attitude of senior managers in industry".

Launching a nine-month, £500,000, "Design for Profit" awareness campaign aimed especially at managing directors and finance directors of medium-sized companies, Butcher pulled no punches on Wednesday in explaining the Government's commitment: "The design process is fundamental to the whole business of manufacture, both in improving existing products and developing innovative ones," he said. "Until this is recognised by those who hold the purse-strings in industry, we will not achieve that edge of competitiveness that the country needs so much".

The department's research had thrown up "a dismal picture", Butcher admitted. Not only did it suggest that design was "poorly perceived by up to 60 per cent of British industry," but it showed that the majority of companies in the survey sample had reduced their design effort over the past two years. Yet a company could "design its way out of recession" by taking an "integrated" approach to design. This should take account not just of the product's performance, its reliability, its ease of manufacture and of maintenance (some of the elements of "engineering design"), but also ergonomics and appearance (which, ideally, together with the overall concept and synthesis of the product, is what is generally meant by the term "industrial design").

Underlining Mrs Thatcher's concern at the extent to which Britain's sizeable band of internationally famous design consultants is having to look abroad for business — just as so many UK design graduates are snapped up by Japanese, German and Italian manufacturers — Butcher declared that it was "about time that the decision-makers in our companies used design talents to better effect".

Afterthought

One of the main themes of the "Design for Profit" campaign, which will centre on a dozen seminars in all the UK's main regional centres between March and October, will, in John Butcher's words, be that "the designer is not someone you call in as an afterthought to put your product in an attractive package. He is a profit-earning expert who should be a key member of your production team and play as big a part in your boardroom deliberations as your finance and marketing directors."

The seminars, each of which will feature several designers and industrialists as speakers and a government minister as chairman, will rely heavily on case studies of companies which have been successful in using design as a key competitive weapon; the central example, the remarkable story of Howard Rotavator's "Paraplow" is examined in the inset.

John Butcher: "It is about time that the decision-makers in our companies used design talents to better effect"

A sanguine man with plenty of experience in industry, Butcher is under no illusions about the likelihood that the campaign will revolutionise attitudes throughout industry in a matter of months, any more than did last year's Information Technology awareness campaign, or the microprocessor drive in the late 1970s. But he hints that more funds could be made available later for a larger-scale effort, and, as he says, "it is a start."

The same could be said for the Government's other design initiatives since Mrs Thatcher's seminar last January. In money terms, the most significant is the £3m committed last June to expanding the Design Council's Design Advisory Service, so that it can fund a period of free design consultancy for small and medium-sized companies (of between 60 and 1,000 people). Keith Grant, the council's director, says the response has been more than twice as big as expected, with most of the demand coming from companies which have never before used design consultants. As things stand, the funds will run out by the end of 1983, 18 months early, so an additional allocation must be on the cards.

The other main initiatives, as far as industry is directly concerned, are in the tangled field of product standards and certification schemes. The Department of Trade will shortly publish a register of quality-assessed firms, and its recent White Paper on "Standards, Quality and International Competitiveness" proposed a whole welter of new arrangements. But by no means every advocate of better design in industry is convinced by the argument that, at this late stage, Britain would benefit by emulating the much-vaunted German standards and certification procedures; such direct state intervention in the marketplace can only constrain innovation, they fear.

Such critics consider that the DoI would do better to confine itself to its own publicity campaigns, whether about export marketing or the importance of quality—on which there will indeed be a campaign in the spring.

A more universally-acclaimed step will be the current—and extraordinarily belated — setting-in-train of a series of academic studies to make an objective and broadly-based assessment of the commercial impact of design and the way it is — or should be — managed within companies. In addition to research already under way in connection with the new awareness campaign, the Department of Industry is, via the Design Council, funding Dr Roy Rothwell of Sussex University to expand his pioneering work on design which has hitherto focused particularly on textile and agricultural machinery.

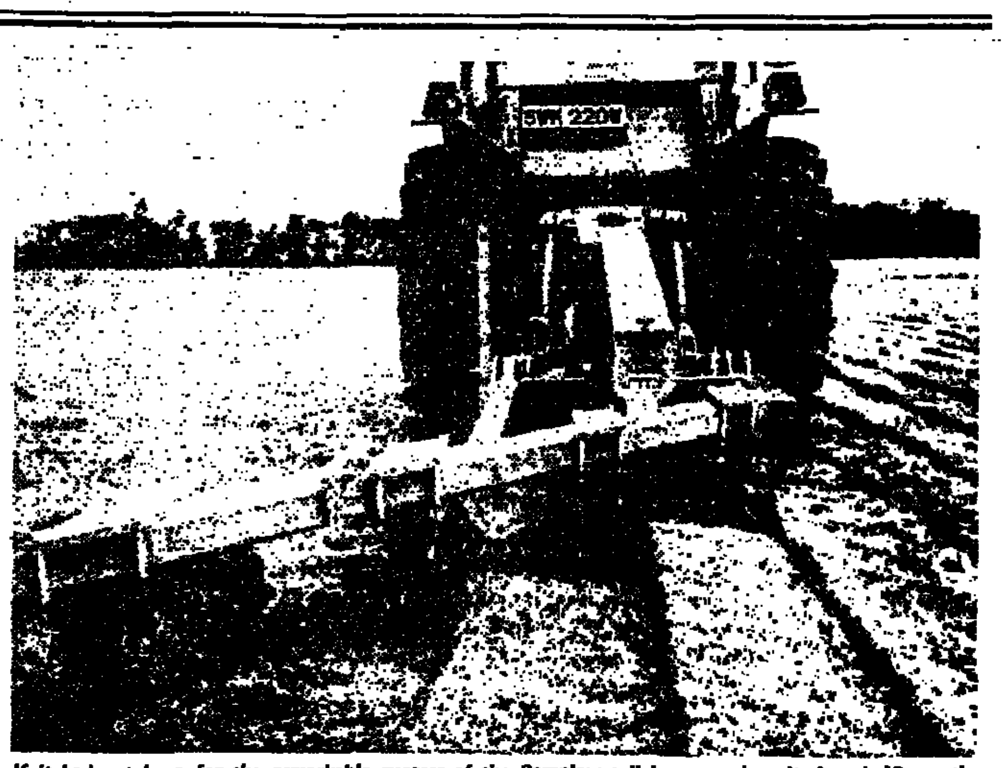
Entirely independently, the Leverhulme Foundation has just decided to support another of the few academics in the field, Dr John Langrish of Manchester Polytechnic, to investigate the effectiveness of design policies in the kitchen equipment industry, one of the obvious areas where most UK companies have fallen behind their foreign competitors in recent years.

The paucity of case study and survey material about the role of design in international competitiveness, and how it should be managed, is also beginning to be whittled away by a number of private enterprise initiatives. These range from the Royal College of Art's Design Policy conference last summer, through the Boilerhouse exhibitions on Sony, Braun, Ford and other leading corporate exponents of design, to the first in a series of large-scale international gatherings by the Boston (U.S.)-based Design Management Institute and to an imminent series of seminars on design management organised by SIAD, the industrial designers' professional body.

All this could still turn out to be just another phase in the interminable cycle of officially fashionable causes; design has been "in" several times in the last 50 years. But Keith Grant of the Design Council is more hopeful. Not only is the Government avoiding "just picking over the same ground again," but "the best news of all in the long run" could be what is happening in education.

The most signficant development in the last 12 months was last spring's decision by the national Engineering Professors' Conference to start accepting certain "A" levels in Design and Technology as a qualification for entry to undergraduate courses in engineering.

"To headmasters this immediately makes design a respectable subject, rather than a lunchtime one," says Grant. "It could change the whole psychology of students, and perhaps even prove a first step towards Design "A" Level becoming a conventional qualification for any other course, too."



If it had not been for the remarkable success of the Paraplow soil loosener since its launch 18 months ago, Howard Rotavator might no longer be in business. So the machine is an ideal star vehicle for the Government's "Design for Profit" campaign. The main UK manufacturing arm of the Howard Machinery Group, Rotavator climbed out of the red last year with the help of spectacular sales of the Paraplow, which itself went into profit within a year of the launch. Its success has also had a ripple effect on the readiness of dealers to stock and promote the company's other products. The Paraplow's ingenious slanted leg design, which won it 10 major awards last year, including the Royal Agricultural Society's gold medal, enables it to break up compacted soil without disturbing the surface to an undue extent, so it can be used on smooth grassland as well as rough arable. And it requires 30 per cent less draft horsepower than a vertical-leg loosener, so it can be used behind a medium-range farm tractor. After concentrating initially on domestic sales, the company is now building up exports to France, Germany, Japan, Australia and South Africa

Breakthrough

This would be a remarkable breakthrough in a country where practical subjects have for so long been considered academically infra dig alongside "liberal" ones (whether classics, history, English or the rest), and it must, at best, be a number of years away.

In the meantime, as Grant admits, more needs to be done to bridge the worlds of engineering design and industrial design, both in education and in the workplace—there are all too few joint courses like the new venture between the RCA and Imperial College, and only a handful of institutions like London's Central School and Manchester Poly which ensure that industrial designers learn more than a smattering about engineering. As a result, hostility between the two breeds of designer still frustrates many a company which is theoretically committed to giving design a high priority.

Among a series of other DoI-funded education projects which have been launched over the past year (mostly via the Design Council), the cheapest—though one of the most innovative—is the Council's launch of a new newspaper for secondary schools, called "Designing," which does a remarkably good job of combining useful practical material with more than a whiff of the glamour of design.

Money has also been provided for the Council to commission curriculum development work for secondary and tertiary-level design courses, and for the Council for National Academic Awards to investigate how best to introduce design management into business and management courses offered by polytechnics and other local authority-funded institutions

As for university management courses, design is still almost universally lacking from the curriculum of business schools, with the notable exception of London, with Cranfield possibly beginning to emerge in second place. A few months ago the DoI put up £15,000 for the London Business School's newly reorganised Design Management Unit, which is expanding into executive education from its remarkably popular course for post-graduate students.

So far, the progress of design towards anything approaching a central place in the educational curriculum, at whatever level, has been slight. But the pointers are certainly positive. Whether they will all remain so over the next 12 months depends very much on whether Mrs Thatcher's intellectual powerhouse of long standing, Sir Keith Joseph, bears in mind her commitment to design when, as Education Secretary, he decides where and how to cut the spending of the polytechnics, schools of art, and other non-university colleges.

Impetus

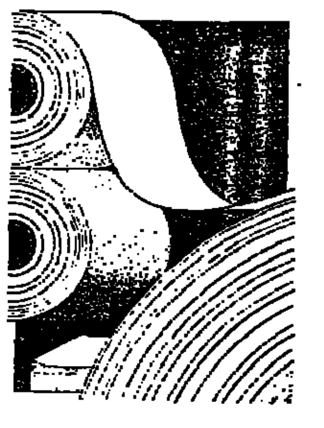
With the polys being led to expect cuts of at least 10 per cent between 1982/83 and 1984/85, and with design undoubtedly one of the most expensive courses on the curriculum (in terms of materials, staff-student ratios, and so forth), there is widespread concern that the impetus that the DoI and Mrs Thatcher are giving to the support of design will be more than undone by the economy-minded Sir Keith. There is particular controversy over the statistical basis on which 70 courses in all sorts of subject area—including several postgraduate design courses at Manchester Poly—have been selected for inclusion in what is widely seen as a "hit list" of courses which are under-subscribed.

Tom Pannell, principal of the Central School, points to the high employability rate of Britain's art and design students (albeit often by foreign companies). Like others, he is worried that Sir Keith could end up cutting back some of the very courses that produce the very people whose cause Mrs Thatcher, and the Department of Industry ministerial team, have been championing over the past 12 months.

In the light of Sir Keith's previous tenancy at the DoI, this would be doubly ironic. But Pannell sees a more immediate danger, in that continuing uncertainty about the level of funding for polys and other colleges "will stifle educational initiative at the very time that industry cannot help but be growing more aware of the need for design, marketing and product development to go closer in hand than before." It is precisely this sort of integration of management functions, with design taking on a central role, that the DoI's new publicity campaign is intended to promote.

Forecasts 1983

Hoping for a break in the clouds



PAPER

ANDREW FISHER

AFTER a cheerless 1982, the world's pulp and paper makers are hoping that a modest recovery will start to show through sometime this year. But most executives candidly admit that whatever mild optimism they have is based more on faith than evidence.

"Most companies, and certainly ours," states Mr T. Oscar Strangelands, executive vice-president, pulp and paper at Canada's Consolidated-Bathurst, "are adopting a 1983 philosophy of planning for the worst and hoping for the best."

In all the world's major pulp and paper producing countries, output dipped during 1982, especially during the closing months. In 1983, production in many countries is expected to rise a few percentage points if the revival in the U.S. gives a push to other economies.

"Business conditions in 1982 were terrible," according to Dr Edwin Gee, chairman and chief executive of International Paper of the U.S. But demand for some products did start to show an improvement near the year-end.

For 1983, Dr Gee reckons that there will be a 3 to 4 per cent rise in volume, with a 2 per cent improvement in plant operating rates. "So while there will be growth, there is no way that it could be described as vigorous."

Mr Julian Gamble, a paper industry analyst with London stockbrokers Phillips and Drew, says the industry is in a poor position right across the spectrum, with pulp, paper and packaging prices and demand on the slide. "Universal gloom, I'm afraid, is the story at the moment."

In a close-of-year assessment, Paper magazine, a leading UK publication in the field, termed the past year "a nightmare for paper and pulp producers." While 1983 did not look all that much better, "there are some encouraging signs among the gloom."

A patchy view of the future was provided by the industry organisations of major pulp and paper countries which gave their views to Paper magazine. This is how countries see their own performance and prospects:

● **Sweden.** The year was disappointing and forecasts were revised downwards in 1982 as it became clear that the recovery in Europe would again be postponed, said Mr Bo Wergens, director general of the Swedish association. Paper and board output is put at 5.9m tonnes for 1982 against 6.1m in 1981. Utilisation of capacity was some 85 per cent.

Output of newsprint—where over-capacity and lacklustre demand has affected companies in Scandinavia and North America—was as much as 18 per cent lower in Sweden. Mr Wergens said paper and board exports last year were around 4.4m tonnes against 4.6m.

● **U.S.** The pulp and paper markets weakened mainly in the last two-thirds of the year, said Mr Louis F. Laun, head of the American Paper Institute (API). Output of paper and paperboard (excluding construction grades) last year was around 54m tonnes, 4.3 per cent down on the record 56.5m of 1981.

As sales and profits fell, companies slimmed their heavy capital spending programmes. The Department of Commerce said capital expenditure in the industry was $6.3bn in 1982 against over $6.7bn the year before.

With interest rates coming down, Mr Laun said production would start to move ahead this year. Paper could gain some 3.5 to 4 per cent of output, with a more rapid rate of 6 to 7 per cent projected for paperboard.

● **Canada.** Last year was extremely difficult and total sales were some 8 per cent lower. With costs rising and world market prices falling, mill operating rates have dropped sharply, many mills have had to close for several weeks at a time, and companies have faced large profit falls or losses, said Mr Howard Hart, president of the Canadian Pulp and Paper Association.

Paper and board production was down to 12.4m tonnes from 13.5m, with exports at 8.4m tonnes against 9.2m. Mr Hart noted that markets for virtually all forest products had worsened.

"For 1983, we see gradual strengthening of demand as economic conditions improve in the industrial countries, especially the United States."

● **Japan.** Production was around 2 per cent ahead last year, at 17.3m tonnes, the big jolt having come in 1981 with a 6 per cent fall. Mr Tokuo Hashimoto, president of the Japan Paper Association, told Paper magazine that pulp and paper demand and supply had been slow to revive.

In short, the industry worldwide is still hoping for signs that performance really has reached bottom and that this year will see a steady, if laboured, progress back to healthy profitability. However, says Consolidated-Bathurst's Mr Stangeland: "One doesn't see that much of a ray of hope, there are not that many bullish signs around."

He reckons that the industry lags behind the general economic situation by around six months. But with labour disruption in the Canadian industry last spring, this has probably been stretched out to nine months. With an eye on its future in Europe, the company is investing in a revival of the newsprint mill in Cheshire previously closed by Bowater.

The latter is now heavily involved in North America, producing around a tenth of the needs of the newsprint-hungry U.S. market. But the collapse in demand there — which has shown up in a recent price decline and stems from new capacity coming on stream, high stocks held by publishers and advertising slackness — will hit profits of the UK-based company hard.

At the world's biggest newsprint maker, Abitibi-Price of Canada, Mr Linn Macdonald, group vice-president responsible for newsprint and woodland, expects 1983 to be "relatively flat."

Like executives in other hard-pressed companies, he looks to the U.S. economy for any signs of impending improvement. Dr Gee of International Paper expects past cost-cutting measures in the industry to make a major contribution to better earnings in 1983.

Housing starts, as well as being a key indicator of the economy, also have a direct bearing on companies with a major timber involvement. International Paper reckons that U.S. starts will be around 1.3m in 1983 and will average 1.6m units between 1983 and 1987.

For the world forest products industry, 1983 is not exactly going to be a year for flying the banners. But there could be cause for starting to unfurl them.

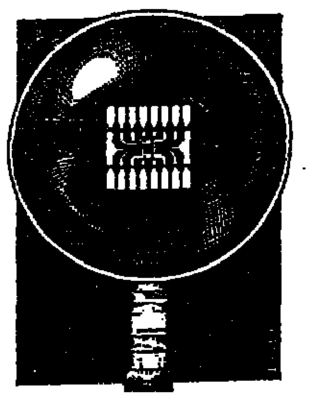
PAPER AND BOARD IN 1983

Major producers' output in thousands of tonnes

	Production			Imports	Exports
	1981	1982	1983*	1983*	1983*
Finland	6,135	5,968	6,200	64	5,270
Norway	1,373	1,288	1,400	170	1,050
Sweden	6,100	5,900	6,100	200‡	4,600
France	3,831†	3,832†	NA	NA	NA
W Germany	7,828	7,850	7,900	3,700	2,150
Spain	2,588	2,612	2,720	415	410
Switzerland	920	667†	NA	NA	NA
UK	3,380	3,209	3,209	4,113	396
Canada	13,539	12,405	13,400	300	9,115
U.S.	56,497	54,155	NA	NA	NA
Japan	16,980	17,305	17,590	705	700

* Estimates. † January-September figures. ‡ Maximum figure.
Source: Paper magazine

The battle for Europe hots up



ELECTRONICS

JASON CRISP

NEW YEAR celebrations in Silicon Valley, the Californian heartland of the micro-electronics revolution, have been very muted. After nearly two years of slump, few manufacturers can see any sign of a recovery for at least the next six months.

Collapsing prices, short-time working, extended holidays, pay freezes or even cuts have become the norm in many countries for semiconductor manufacturers—the great growth industry of the 1970s.

Because of the rapidly developing technology, and the consequent need for high levels of research and development and capital expenditure, a low growth rate spells disaster.

Predictions for 1983 have been getting progressively more pessimistic. As recently as September the U.S. Semiconductor Industry Association (SIA) was predicting an 18 per cent growth in dollar shipments from European and U.S. manufacturers. Now it is forecasting only 10 to 12 per cent.

Mr Tom Hinkelman, executive director of the SIA, says the September forecast assumed an improvement in the first quarter of 1983. "From current order rates it is clear that is not going to happen, so we have revised our figures downwards."

The Japanese companies, which have taken world markets for the standard "commodity" microchip by storm in the past seven years, are slightly more optimistic. A recent survey of major manufacturers by the Electronic Industries Association of Japan (EIAJ) found they expected production of integrated circuits to rise 24 per cent in 1983.

But they also predicted that revenues from most other electronic components would actually fall slightly—and in 1981 integrated circuits represented less than a quarter of all Japanese production of electronic components.

The problems for the microchip companies began with the recession two years ago and the low growth rates this caused in a number of major markets, such as mainframe and minicomputers, consumer electronics and automotive industries.

In the previous slump in the semiconductor industry, in 1975, the U.S. manufacturers slashed their capital expenditure. When the recovery came, there was a great shortage of microchips and the Japanese were able to take a share of the U.S. companies' giant home market.

In the latest recession the U.S. companies have been much more reluctant to cut expenditure for fear of repeating the mistake. As it is, the Japanese are taking an increasing share of the giant U.S. market for standard commodity type microchips.

A major price war is under way as companies try to make greater use of their capacity. An extreme example is the 64K RAM (random access memory) which is the latest generation of standard memory chip capable of storing over 64,000 units of information.

Since the beginning of 1981 the price has fallen from over $50 to as little as $3 for volume orders, and in Japan even lower prices are being reported.

In 1983, the top eight Japanese semiconductor companies are expected to increase capital expenditure by 11.5 per cent to $1.06bn, while the top eight U.S. companies are expected to increase capital expenditure by only 3.7 per cent to $1.12bn.

Competition for the European market is becoming increasingly tough, with the industry predicting a major confrontation between the U.S. and Japanese companies which will squeeze the indigenous producers.

Mr Barry Fox, head of European operations of Intel, the U.S. company, warns: "We see a formidable battle in what is a much more neutral market."

Europe's indigenous manufacturers are in a comparatively weak position with only Philips ranking among the top 10 vendors in the world.

U.S. manufacturers hold around half of the European market and some of them manufacture there, including Texas Instruments, General Instruments, Motorola, National Semiconductor, Hughes and Mostek.

The Japanese, who at present have less than 10 per cent of the European market, are also beginning to establish microchip factories in Europe.

Toshiba will be setting up a plant in West Germany this year. Hitachi has a plant in West Germany, Fujitsu in Ireland and Nippon Electric in Ireland and Scotland.

Ferranti: The UK is at the top of our list

West Germany, the largest European market for semiconductors, is now very depressed. Having experienced the most rapid growth before the recession, Germany now seems to have become almost completely stagnant, according to one U.S. manufacturer.

France is expected to be fairly buoyant in 1983, mainly because of the high level of support for electronics from the Government.

The UK market for semiconductors is also improving and only partially because of government support schemes. "We are certainly seeing some recovery in the UK. There is also a change in the nature of the market . . . there are a significant number of small, aggressive, high technology firms," says Mr Fox.

Dr Alan Sheperd, managing director of Ferranti Electronics, one of the world's leading producers of semi-custom-microchips, sees the same phenomenon. "The UK is at the top of our list for expansion rates. There are a lot more entrepreneurs latching on to new technology than there were four or five years ago," he says.

Semi-custom chips are the industry's one major growth area. They are standard chips which can be tailored for a special function at the final stage of manufacture. This means the lead time for developing a chip for a special function can be greatly reduced.

Looking at individual industrial markets in Europe, chip manufacturers see telecommunications as particularly strong. Most countries are investing heavily in modernising their telephone systems as they change over to digital all-electronic public exchanges.

There is a growing hope among semiconductor companies that the automotive market will finally take off in 1983. European cars have significantly fewer electronic components than the U.S. and Japan.

The poor performance of the U.S. car industry and very depressed state of the consumer electronics market has hit the semiconductor manufacturers. Telecommunications and large computers rose slightly in 1982 but significantly less than had been hoped. There has been a slight improvement in the demand for electronics in defence systems. And the fast-growing personal computer business has been a bright spot.

The U.S. market is more depressed than Europe. "We believe we are at the trough of the recession," says Mr Bert Moyer, vice-president for finance at National Semiconductor. "We are planning on business remaining flat through the first half of 1983. Our customers' inventory levels are very, very low. They are buying according to immediate requirements. Their inventories cannot get much lower unless we are going into an all-out depression."

Even in Japan the outlook for 1983 is depressed. The large manufacturers are expecting production in Japan's consumer electronics industry to fall 16 per cent measured in dollars. Industrial electronics is only expected to rise 2.7 per cent according to EIAJ estimates.

This concludes our series of articles on the international outlook for key industrial sectors

TECHNOLOGY

EDITED BY ALAN CANE

INTEGRATED SOFTWARE OFFERS NEW POSSIBILITIES FOR SIMPLE PERSONAL COMPUTING

How to make micro myths come true

BY LOUISE KEHOE in CALIFORNIA

ONCE UPON a time there was a perfect personal computer—one that was the obvious choice for novice and expert alike. It was easy to learn to use, easy to operate efficiently, and easy on the cheque book. Unfortunately, that is just a fairytale. It is, however, a story that may come true.

Innovations in personal computer software promise to make the machines easier to use and more efficient. Initially, the benefits of so-called "integrated software" are likely to be available only on high priced personal computers—but it does not strech the imagination too far to see the "fairytale" personal computer within a couple of years.

Standardised

Last month, Visicorp, the company that made its name with the Visicalc spread-sheet program, launched the basic elements of an "integrated software is basically a set of applications programs that co-operate with one another, use standardised commands and sometimes run simultaneously.

Integrated software should also cut out a lot of the time and aggravation that goes into learning how to use a personal computer in a business environment. The primary advantage is that data or text can be swapped between one application program and another quickly and easily. Thus, data from a spreadsheet program could be plugged into a graphics program and merged with text from the word processor to produce a report.

Switching from one function to another—for example accessing a filing system to find a number then slotting it into a document that is being composed with word processing—will no longer require the tedious process of switching discs, loading and reloading programs and transfering files.

Capability

Another built-in advantage will be the ability to do more than one thing at a time—print one document and compose another, for example.

Visicorp's approach to integrated software has been to create a systems program that provides the personal computer with the capability to handle integrated applications programs. By summer, Visicorp promises to be offering versions of its spread-sheet, graphics, filing and word processing programs than can be run together using Visi-on.

Visi-on programs will be easy to learn and easy to use. Complex commands are replaced with nine English words and a pointing device called a "mouse"—a palm-sized controller that the user slides around on the desk-top to move automatically a pointer on the computer screen. Push-button switches on the mouse tell the computer to perform the function selected.

Integrated software provides a close parallel to the traditional paper and pen type "workstation"—a desk covered in paper and documents. The screen becomes the desk top. On it are displayed, simultaneously several different documents, or applications. Point to the memo pad, and write one. Point to the filing tray and file it.

Integrated software is, therefore, expected to appeal to managers and professionals who are unwilling to change their work habits in order to catch up with the age of computers. In the U.S. alone there are estimated to be more than 30m such workers. Market analysts peg the potential of integrated software at $3.8bn by 1987.

Adapted

Eventually, integrated software will be available for a wide range of personal computers from several manufacturers. Currently, Visicorp is offering systems for the IBM PC and the DEC professional, but the system is machine and operating system independent so that it can be adapted to other computers. More applications programs that can run with Visi-on are also expected.

Other software publishers are also following the integrated software trend. Two integrated packages are already available in the U.S. and more are expected soon.

The most widely used package, with 2,000 copies already in the hands of users, is called MBA. The $695 program from Context Management, of Torrance, California, includes the four basic business applications—word processing, spread-sheet, graphics and data management along with communications facilities that allow the user to, for example, access files from a company mainframe computer and slot them into the spread-sheet program.

Another integrated program, called 1-2-3, from Lotus Corporation, is easier to use but offers less features. 1-2-3 presents the user with a series of menus from which he chooses the function he wants to persue.

Menu driven programs are very helpful to the computer novice, and to those who use a program infrequently. They can, however, become tedious in regular use.

The "happy ever after" of the fairytale is not quite true in reality of course, and there are drawbacks to integrated software.

Some compromises in the performance of individual applications are made when programs are integrated, admits context's Jeff Walden. "Our word processing, for example, is not designed to stand up against dedicated word processing programs," he says.

Commands

"MBA is designed to allow a middle manager or professional to get out a report using each of the applications with the minimum of fuss," he says. To this end commands are standardised between the different portions of the program and simultaneous operation of up to four functions can be achieved by using "windows" on the screen that display work in progress.

Another drawback of integrated software is that it requires a lot of memory—at least 256K. That limits the use of integrated programs to machines built around 16-bit microprocessors that can access large memory arrays, and will also cost the user the price of add-on memory units.

In practice, the system is best suited to use with a hard disk, rather than the standard floppy disks of personal computers. In practice, all this means that only $10,000 plus personal computer systems will benefit from integrated software—until prices come down.

Apple's 'Lisa' set for launch worldwide on January 19

INTEGRATED software is the secret of Apple Computer's new machine "Lisa" which is to be launched January 19 in the U.S. Apple will call the new machine "revolutionary" and the company aims to regain its reputation as the leading personal computer manufacturer.

Now, however, computer dealers are wondering if Lisa's launch has been foreshadowed by the introduction of Visi-On and other integrated software for the IBM personal computer.

Lisa will have a full range of business software all meshed to work together and stored on a hard disk memory unit. The new computer will come adequately supplied with 512k bytes of built in memory to hold several application programs simultaneously.

Like Visi-On, Lisa's programs will be designed for operation with a mouse. Extensive use will be made of graphic symbols that allow the user to choose different functions without remembering complex codes or stringing through menues.

Visicorp is widely credited with having contributed to the success of the Apple II, Apple's current mainstay product, by publishing visicalc for that machine. Now, ironically, it seems that Visi-On may dull the impact of Apple's new product.

Six months ago, closer to Lisa's originally scheduled introduction, Lisa could have been presented as the only personal computer with integrated business software. Now, the picture has changed. Visi-On will be available this summer, at about the same time as Lisa. Effectively, Visi-On will make the IBM personal computer into an equivalent machine.

What is more, an IBM personal computer configured to match Lisa with 512k bytes of built in memory, a hard disk unit and a colour monitor costs about $6,500. Lisa is said to be priced between $8,000 and $10,000.

Major manufacturers 'trying to bypass the distributors'

IN THE area of personal computers, there is growing evidence that the major manufacturers are trying to bypass the distributors by providing direct support to dealers.

So says a new report from Strategic Incorporated, which adds that although the trend is limited to the larger makers with sufficient financial "muscle," it is likely to spred in the future.

The report also notes that the distributors are moving into new areas such as system integration, software, peripherals, training and maintenance.

On the retail front, the credit crunch is putting increased pressure on the personal computer outlets to refine their store management. As a result, retailers are more frequently pruning their product lines, limiting inventory, selecting only complementary product lines and phasing out low priced, low profit and slow moving items.

More about the report from the UK representatives, International Planning Information, London (01-221 0998).

Wang's PC shows the integrated way

BY ALAN CANE

THE WANG Professional Computer, launched in the UK today, is one of the first to embrace the concept of integrated software.

The company, a leader in office automation and word processing, says its research shows that more than 60 per cent of personal computers sold are for business use—principally word processing and financial modelling.

The new machine offers Wang word processing together with Multiplan, a financial modeller built by Microsoft, the U.S. programming company. Wang says: "In the stand alone mode, the Professional Computer can integrate these two functions; for example, merging spreadsheets developed with Multiplan with documents created by word processing."

The Wang Professional Computer is a sophisticated 16-bit machine with between 128 thousand bytes and 640 thousand bytes of fast memory at a price ranging from under £2,000 (minus monitor) to £6,500.

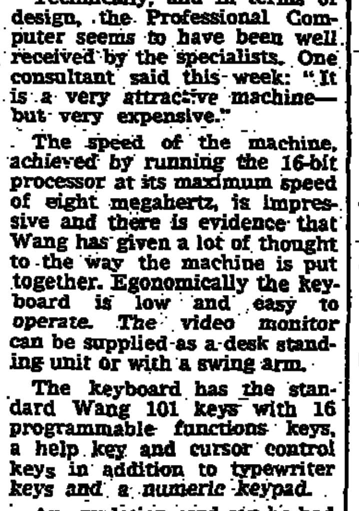
It is based on the Intel 8086 16-bit microprocessor, with 16-bit internal and external data paths. The rival IBM Personal Computer, still to be launched in Europe, uses the Intel 8088 microprocessor which gives a performance somewhere between a true 16-bit and 8-bit microcomputer.

The computer uses Wang's own modification of Microsoft's MS/DOS operating system in rather the same way that IBM uses its own version called

It will run Basic, Pascal, Fortran and Cobol. As well as functioning as a stand alone computing system, Wang says the PC can be linked to all its other systems—the office information system (OIS), the 2200 and Alliance processing systems and Wangnet, its networking software.

Why would anyone buy a conventional Wang terminal with the PC available? According to Ian Diery, managing director, Wang UK, the answer is price. The lowest price at which the computer functions as a full personal computer is about £3,000. With terminal emulation facilities it comes out at about £4,500.

According to Mr Reg Brougton, Wang UK director of market support services: "The machine differs from personal computers in being explicitly designed as an executive workstation which can integrate with the Wang family of products."



Ian Diery, managing director of Wang: the answer is price

Technically, and in terms of design, the Professional Computer seems to have been well received by the specialists. One consultant said this week: "It is a very attractive machine—but very expensive."

The speed of the machine, achieved by running the 16-bit processor at its maximum speed of eight megahertz, is impressive and there is evidence that Wang has given a lot of thought to the way the machine is put together. Egonomically the keyboard is low and easy to operate. The video monitor can be supplied as a desk standing unit or with a swing arm.

The keyboard has the standard Wang 101 keys with 16 programmable functions keys, a help key and cursor control keys in addition to typewriter keys and a numeric keypad.

An emulation card can be had as an option which allows the PC to run the CP/M 80 operating system. CP/M 80 is the de facto industry standard for 8-bit micros. The emulator card means the PC will be able to run a vast amount of ready-packaged software. Wang (UK) is on 01-560 4151; Wang (U.S.), One Industrial Avenue, Lowell, Massachusetts.

Terminals

Mimicking other models

A RANGE of video display terminals, designed and built in Canada, has been launched in the UK market by Brent-Cybernex.

The company's range of terminals embraces both synchronous and asynchronous models. Many can emulate leading makes of terminals, while others have specialist facilities such as multi-page/split screen and graphics terminals.

Brent-Cyberney, which recently set up in the UK, includes in its range the XL 84 Series, offering emulation of makes such as Lear Siegler, Hazeltine, DEC and ADDS, plus split screen scrolling and line drawing.

The latest terminal is the SA-830 which can mimic the Burroughs TD-830 and cost around £1,000 for a one-off unit. More details about the company's product are available on 05827 5831.

Videos

Tektronic option

TEKTRONIX has announced an option to its 4612 video hard copy unit which allows compatibility with the DEC series VT100 series of terminals. The company says that users in the engineering, data analysis and business environments will benefit most from its introduction.

The 4612 uses electrostatic technology to provide high-quality black-and-white copies from up to four raster scan video displays. More details can be obtained on 05827 63141.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
7	8	9	10	11	12	13

Music

LONDON

Bochmann String Quartet: Haydn, Prokofiev and Ravel. Purcell Room (Mon). (928 3191)

Philharmonia Orchestra open rehearsal and performance conducted and introduced by Oliver Knussen. Copland Inscape and first British performance of Jacob Druckman's Aureole. Barbican Hall (Mon). (638 8891).

London Mozart Players conducted by Harry Blech with Tomotada Soh, violin and Wolfgang Manz, piano. Haydn, Mozart, Schubert and Mendelssohn. Queen Elizabeth Hall (Wed). (928 3191).

Royal Philharmonic Orchestra conducted by Andrew Litton with Shura Cherkassky, piano. Bernstein, Tchaikovsky, Elgar and Copland. Barbican Hall (Wed).

Paco Pena flamenco guitar recital. Queen Elizabeth Hall (Thur).

Richard and Patricia Holmes, cello and piano. Beethoven, Delius, Dvorak and others. Purcell Room (Thur).

WEST GERMANY

Munich Herkulessaal Der Residenz: Melos Quartet with Konstanze Eickhorst, piano and Georg Hoernage, Double-bass. Schubert (Tue)

Munich Herkulessaal Der Residenz: Bavarian Radio Symphony Orchestra under Günter Wand with pianist Edith Peinemann. Stravinsky, Prokofiev and Tchaikovsky (Thur)

Frankfurt Alte Oper: Helmut Rilling conducting the Radio Symphony Orchestra Frankfurt and his Gächinger Kantorei Mendelssohn's Paulus. Soloists are Arleen Auger, Adalbert Kraus and Wolfgang Schoene (Thur).

NEW YORK

Avery Fisher Hall: New York Philharmonic, Witold Lutoslawski and Zubin Mehta conductors, Roman Jablonski cello. All Lutoslawski programme in honour of the composer's 70th birthday (Tue); Larry Newland conducting, Janice Meyerson mezzo-soprano. Carter, Bernstein, Sibelius (Thur). (874 2424).

Carnegie Hall: American Symphony and the Orpheon Chorale, Jesus Lopez-Cobos conducting. All Rossini programme (Mon); Philadelphia Orchestra, Ricardo Muti conducting, Alexis Weissenberg piano. Brahms, Schoenberg, Liszt (Tue); New York New Music Ensemble, Jane Bryden and Beverly Morgan sopranos. Zallman, Pace, Jazwinski, Porter, Boulez (Thur).

92nd St. Y (1395 Lexington Av): Mendelssohn String Quartet. Beethoven, Ives, Webern, Mendelssohn (Tue). (427 4410).

WASHINGTON

Concert Hall (Kennedy Center): National Symphony, Max Rudolf conducting, Ivan Moravec piano. Weber, Beethoven, Brahms (Tue, Wed, Thur). (254 3776)

CHICAGO

Orchestra Hall (220 S. Michigan): Chicago Symphony, Georg Solti conducting, Anne-Sophie Mutter violin. Tcherepnin, Mendelssohn, Dvorak (Wed, Thur). (435 8122)

VIENNA

Musikverein (658190): Alexander Jenner, piano. Mendelssohn-Bartholdy, Schumann, Debussy and Liszt, (Mon); Kuechl Quartet. Mendelssohn-Bartholdy, Mozart and Dvorak (Wed), Haydn Quartets (Thur).

Konzerthaus (721211): Hausmusik in the Mozart-Saal. Haydn, Brahms, (Tue); ORF Symphony Orchestra, conductor Gart Albrecht. Portrait of Gyorgy Ligeti. (Thur).

Orchestral firsts

As befits the beginning of a new year, orchestras across America this week are performing a spate of world premieres. The orchestras performing the premieres, many of which commissioned the works, cover North America from Texas to Edmonton. Ronald Braunstein conducts the Texas Chamber Orchestra in premiering Songs of the South by Gideon Waldrop. The Edmonton Symphony under the baton of Uri Mayer is performing both the world premiere of George Fiala's Overtura Buffa and the Canadian premiere of Leonard Bernstein's Flute Concerto. William Kraft's Untitled will get its first performance by the St Paul Chamber Orchestra conducted by Pinchas Zukerman. The same honour for Richard Adler's Wilderness Suite goes to the American Philharmonic on the day that Timothy Russell's In Memoriam Anton Webern will first be heard with the composer conducting Pro Musica Chamber Orchestra of Columbus. The Charlotte Symphony Orchestra conducted by Leo Driehuys will premiere David L. Orr's Piano concerto in B Flat, as part of a serious music revival in America that sees orchestra in towns as unlikely as Rio Hondo in California, Fairbanks Alaska and Chattanooga.

Theatre

LONDON

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Andy Capp (Aldwych): Good British musical starring Tom Courtenay based on the syndicated cartoon character with an ingeniously nostalgic score by Alan Price who also participates from the keyboard. (836 6404).

Noises Off (Savoy): Michael Frayn's backstage comedy is still the funniest play in London, owing small debts to Rattigan's Harlequinade and Pirandello's Six Characters. Brilliantly directed by Michael Blakemore. (836 8888)

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108)

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

NEW YORK

Amadeus (Broadhurst): Frank Langella stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 6740)

Master Harold . . . and the Boys (Lyceum): Tony-award-winner Zakes Mokae leads the cast of three in Athol Fugard's latest look at apartheid in South Africa, where, in a Port Elizabeth tearoom in 1950, a white teenager turns against the two black servants who have been his only friends. (582 3897)

Present Laughter (Circle in the Square): George C. Scott proves that with the right wardrobe of dressing gowns, he can capture the essence of impresario Garry Essendine, including directing an excellent supporting cast. (581 0720)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody

Felicity Kendal in Tom Stoppard's The Real Thing at Strand Theatre, London

the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Good (Booth): How Halder became a Nazi, in this London import starring Alan Howard and directed by Howard Davies, is eloquent, stylish in set and overlapping scenes, but ultimately convincing for the rather undramatic and prosaic reason that Halder was sought after and treated well. No moral tale there. (239 6200)

Plenty (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (239 6200)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (239 6262)

Women of the Year (Palace): Against the odds, Raquel Welch has proved a popular and hard-working replacement for Lauren Bacall in a thankless role that demands applause for the objectional behaviour of an ambitious indelicate woman. (757 2626)

Evita (Broadway): Still going strong, this encomium to the Argentine dictatress, Eva Peron, features the songs of Lloyd Webber/Rice and lively staging by Hal Prince in a story that includes the rough with the smooth. (247 3600)

WASHINGTON

On Your Toes (Opera House Center) Natalia Makarova stars in this George Balanchine choreographed musical by Rodgers and Hart which is being revived under the direction of George Abbott. (254 3770)

Outrage! (Eisenhower, Kennedy Center) Edwin Sherin directs Peter Evans starring in Henry Denker's topical drama of revenge on criminals whom American courts seem to allow to get away with murder. (254 3670)

CHICAGO

The Life and Adventures of Nicholas Nickleby (Blackstone): By the time the Royal Shakespeare Company's performances ended last season in New York, Nick Nick (as its advertising called it) had run up an insatiable demand, now being satisfied by the Great Lakes Shakespeare Festival revival of the London production running to eight hours in two parts. (977 1700)

Shear Madness (Mayfair at the Blackstone Hotel): Bruce Jordan and Marilyn Abrams recreating the roles they originated in the hit run of this comedy mystery in Boston and Philadelphia. (266 0252)

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: The week starts with Puccini's Das Mädchen Aus Dem Goldenen Westen produced by Frank Corsaro conducted by Guiseppe Sinopoli. It brings together Kaja Borris and Franco Bonisolli. Lucia di Lammermoor has fine interpretations by Chrisina Deutekom and Bengt Rundgren conducted by Gianfranco Masini. Tosca has Pilar Lorengar excelling in the title role. (34 381)

Hamburg Staatsoper: Carmen, conducted by Christoph von Dohnanyi, benefits from a fine performance of Stefania Toczyska in the title role. Eugen Onegin gained many compliments for Judith Beckmann in the part of Tatjana. Bernd Weikl triumphs in the title role. (351-151)

Cologne Opera: This week's highlight is Der Freischütz with outstanding Siegfried Jerusalem as Max and Edda Moser as Agathe. Die Fledermaus is a fresh and delightful revival. (20 761)

Frankfurt Opera: Michael Gielen conducts The Magic Flute with Elfie Hobarth and Heinz Hagenau in the main parts. Volkmar Olbrich is making his debut as conductor of Der Türke in Italien. Un Ballo in Maschera, featuring Rosalind Plowright and Juan Lloveras in the leading roles, is a more impressive production than usual. Die Entführung aus dem Serail stars Sarah Arneson as Konstanze and Gerolf Scheder as Osmin. (25 621)

Munich Bayerische Staatsoper: Die Fledermaus, an Otto Schenk production, is well cast with Bernd Weikl and Daphne Evangelatos. Der Fliegende Holländer, a production by Herbert Wernicke, which has had a mixed reception from the critics, has Catarina Ligendza as Senta and Franz Ferdinand Nentwig in the title role. Die Hochzeit des Figaro brings together Walther Berry and Lucia Popp. Also Salome with Astrid Varnay and Theo Adam and Puccini's Il Tabarro and Gianni Schicci with Marilyn Tschau as Giorgetta and Garbis Boyagian as Michele in a dramatic, well-paced performance. (21 851)

LONDON

Royal Opera, Covent Garden: Le Nozze di Figaro, a ten-year-old John Copley staging beginning to show its age, has in its favour Daniela Mazzucato's quicksilver Susanna, Richard Stilwell's Count, and Samuel Ramey, in the title role. Samson et Dalila, designed by Sydney Nolan (who provided some of the most ravishing sets seen here in recent years) and produced by Elijah Moshinsky, returns with substantially the same cast – Jon Vickers and Shirley Verrett, conductor Colin Davis. On January 9, the great Boris Christoff returns to London for a Royal Opera recital.

English National Opera, Coliseum: Last season's Gounod Romeo and Juliet, a not especially distinguished Colin Graham production, returns with the same heroine to lift the show into the big league – Valerie Masterson. Further performances of the very impressive Otello, and of the rather routine Bohème.

Royal Opera House, Covent Garden: Cinderella (no matinees).

Royal Festival Hall: Matinee and evening performance of The Nutcracker.

Sadler's Wells, Rosebery Avenue: Sadler's Wells Royal Ballet triple bill, including Les Sylphides and La Boutique Fantasque. Also in repertoire, Boutique-required viewing and the full length Swan of Tuonela.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): First seasonal performance of Les Contes d'Hoffmann, conducted by Julius Rudel, joins repertory performances of Pelleas et Melisande, conducted by James Levine, Il Trovatore, Idomeneo and the last performance of Parade, the Met's ballet-opera sequence of Satie, Poulenc and Ravel. (580 9830)

New York City Ballet (New York State Theater, Lincoln Center): The week's mixed repertoire includes Jerome Robbins' Gershwin Concerto, Peter Martins' The Magic Flute and George Balanchine's Symphony In Three Movements. (870 5570)

WASHINGTON

Washington Opera (Terrace Theater, Kennedy Center): The Abduction from the Seraglio and an evening of Trial by Jury and M. Choufleuri. (254 3670)

VIENNA

Staatsoper (5324/2655): Lucia di Lammermoor, Die Zauberflöte, Fidelio, Die Entführung aus dem Serail.

Volksoper (5324/2657): Die Fledermaus, Die Lustige Witwe, Kiss Me Kate, Die Feenkönigin.

Exhibitions

PARIS

Ireland's Art Treasures: Dublin's National Museum has loaned 91 of its most precious possessions from a sculptured stone dating from 3000 B.C. to the Ardagh Calice, the Tara Brooch and Brian Boru's harp testifying to the originality and exquisite workmanship of Irish art through the ages. Grand Palais, Closed Tue. Ends Jan 17.

From Carthage to Kairouan, 2,000 years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais, Closed Mon. Ends Feb 27.

Fantin-Latour (1836-1904). 150 paintings, pastels, drawings and lithographs bring home some unsuspected facets of his art. Best known for his rather sombre collective portraits of the intellectual elite of his time, his poetic flower compositions charm with luminosity and colours. Fascinated by music, his illustrations of Wagner and Berlioz are his escape into the world of dreams and phantasy. Grand Palais. Closed Tue, ends Feb 7. (260 3926)

"Le Festin et l'Art". Crystal glass cut, engraved, enamelled vies with the gold and flowers painted on the finest porcelain in recreating the festive atmosphere of receptions at the court of the Habsburgs, Louis-Philippe or Czar Nicholas II. There is also a group of goblets and bowls of rare 17th century German goldsmith work lent, among other exhibits, by the Viennese Museum of Applied Arts. The Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun. Ends Jan 16. (297 2700)

WEST GERMANY

Berlin, Martin-Gropius-Bau, 110 Stresemannstrasse: International trends in contemporary art are represented through about 50 artists. Their 250 paintings, sculptures and environments highlight the feeling, the consciousness and subconscious tendencies at the beginning of the 1980s. Ends Jan 16.

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Oil paintings and drawings from between 1912 and 1936 by Giorgio de Chirico, the Italian artist. Ends Jan 30.

Berlin, Bauhaus Archiv, 13-14 Klingelhöferstrasse: Furniture, industrial products, models, sketches and photographs from between 1923 and 1964 by Ferdinand Kramer, the German architect and designer. Ends Jan 22.

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: The first venue of an exhibition on New York Now touring the Federal Republic at present. It comprises more than 100 works from the last five years by 20 New York painters and sculptors. Ends Jan 23.

Munich, Villa Stuck, 60 Prinzregentenstrasse: Vienna around the turn of the century is the topic of roughly 200 graphics and book illustrations by the so-called Austrian Secessionists. Among them Gustav Klimt and Oskar Kokoschka. Ends Jan 30.

LONDON

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

ITALY

Rome, Campidoglio: An exhibition of 12 paintings and six drawings by Andy Warhol inspired by de Chirico. Ends Jan 31.

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Accademia di Francia: 'Mediterraneum Picasso,' a collection of about 100 works inspired by Mediterranean life. Ends Feb 13.

NEW YORK

Guggenheim Museum: Selections from Peggy Guggenheim's Venice collection will be displayed for the first time in New York, including works by Braque, Chagall, de Chirico, Picasso, Mondrian and Duchamp. Ends March 13. A retrospective of Yves Klein includes 100 paintings and sculptures and personal letters and photos. Ends Jan 9. (860 1300)

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (357 2700)

VIENNA

Kunsthistorisches Museum: Stones of the Pharoes. An exhibition of works of art starting from pre-historic days, using a wide variety of materials from precious and semi-precious stones to various types of stone. Geologists have brought together 1,000 varieties of stone from 400 quaries in Egypt to identify the source of materials used as long as 2,500 years ago. Samples of rock are displayed alongside the statue or similar work of art. Ends Jan 23.

Historisches Museum: Oskar Kokoschka: the early years. Ends Jan 30.

Cinema/Nigel Andrews

Lost in the wild West

The Return Of The Soldier, directed by Alan Bridges

The Battle Of Algiers, directed by Gillo Pontecorvo

Gainsborough Melodrama Of The 1940s

The Pirate Movie

Amnesia is one of those rare conditions that fuel grand romantic melodramas and silly jokes in equal proportion. On the one hand, *Random Harvest.* On the other, the one about the patient who says "Doctor, I've lost my memory." (Doctor: "When did this happen. Patient: "When did what happen?").

The Return of the Soldier boasts elements of both extremes, but Houdini-like just escapes being trapped in either. Alan Bridges directed and Hugh Whitemore wrote this adaptation of Rebecca West's 1918 novel about a shell-shocked World War I soldier (Alan Bates) and the three ladies to whom, in varying states of amnesiac confusion, he returns. His rich, beautiful, ennuyé wife Kitty (Julie Christie) he doesn't recognise at all. His cousin of more than cousinly feelings, Jenny (Ann-Margret), he remembers from childhood, when they gallivanted through the mighty curlicued pile that is still his home. And then there is "the dowd" (as Miss Christie cruelly calls her); Margaret (Glenda Jackson) wears a dreadful hat, a yellow raincoat and lives in Wealdstone. She used to be Mr Bates's youthful flame, and now, egad, with 15 years blacked out from his mind, he finds he's still in love with her: even though she has since married Frank Finlay and slipped several rungs, or possibly a whole ladder, down the social scale.

In West's novel the knockabout element, though limned in scrumptious Jamesian language, revolves around the furious feigned neutrality with which Kitty endeavours to watch Chris (Bates) re-strike former sparks with Margaret, who is "allowed" to visit. "If I don't see her, I shall die" Chris has said. Kitty vents her smothered spite in a hall of sarcastic snobbisms confided to Jenny (who is the book's narrator) and designed to blow Wealdstone and yellow raincoats off the map. In the novel's moral schema, this fractious disdain is supposed to backfire against Kitty and expose her and the Idle Rich for the poisonous lot they are. The trouble is that, rather as Alf Garnett's racism used often to be too funny to trigger the correct indignation, Kitty's awfulness is the liveliest thing in the book.

The movie soft-pedals this slapstick of class versus class, but still gets from Julie Christie a performance both rounded and relished. More than the novel's Kitty, she's visibly racked by green-eyed anguish her fair hair backlit and akimbo as if on fire, the bony Christie face a mask of knitted, knotted passion, the voice huskily seesawing between the mannerly and the manic.

Meanwhile Bates, *agitato* and moustachioed, and no-make-up Jackson, fearlessly pudding-faced, enjoy their unlikely second courtship. And Ann-Margret, primping out an English accent, disappears sweet and wey-faced into the furniture. (The film fails to find a handle on her character—but then so did the novel.)

Director Bridges hasn't quite climbed out of the style-without-fire *legato* of his TV drama training. It informed his first film, *The Hireling,* and it sank his second, *Out of Season.* But this movie has a slightly dottier

Julie Christie, Ann Margret and Glenda Jackson in The Return of the Soldier

magnetism and one or two bold *appliqué* dabs of surrealism. (Bedside visitor Jeremy Kemp is turned by an eyeblink Bates hallucination into a skeleton in evening dress.) And cameraman Stephen Goldblatt's unstoppable flair for rim-lighting his characters endows every cloudy profile with a silver (or golden) lining.

I'm not sure that Dame Rebecca W. would have approved of a novel that attacked the pride and emptiness of "style" ending up as a film positively smothered in it. Dulcet and decorative *est pro patria amnesiare.* But fine, sometimes even fierce, acting amid gilt-edged images isn't a frequent enough pleasure in British cinema not to treasure here.

*

Nothing dulcet about Gillo Pontecorvo's *The Battle of Algiers.* And decoration is confined to the slinky allure of Muslim ladies shimmying along the sidewalk veiled from top to toe. Even these turn out to be male terrorists as often as not, who rip off superfluous drapery to reveal naked machine-guns. The death throes of *l'Algerie Francaise* are resounding through cine-verité streets.

This 18-year-old film is a justly revived classic of movie "newsreelism." Pontecorvo has shot it in black-and-white footage that has the raw flicker of hand-held actuality: and he and scriptwriter Franco Solinas brilliantly evoke the war of patience, propaganda and brutality between the hanging-on French and the surgent Algerian resistance. Even when the struggle fines down to a man-hunt for the movement's leaders, Pontecorvo persuades us it's happening on real streets, amid real crowds (was ever a cast of hundreds less rhubarbly directed?) and with the nerve-fraying emotional vertigo of a real war.

The political message has lasted less well than the dramatic medium. With the hindsight of two decades, even French colonialism seems semi-civilised compared to some of the grotesqueries of present-day Algeria. As so often in history, a heroic-seeming struggle for national freedom proves to have been a frying-pan prelude to greater and grislier fires. But that qualm apart—and some queasy religiosity in Pontecorvo's lingering shots of torture victims accompanied by Ennio Morricone's church-like music—*The Battle of Algiers* knocks almost every you-are-there political action thriller of recent years (including Costa-Gavras's vaunted *Missing*) into a cocked kepi. See and savour.

*

For dessert, please try the rich and creamy season of Gainsborough Pictures at the National Film Theatre: which celebrates the last recorded syllabub in Britain's history (circa the 1940s) when the country went all funny and wicked. Overdressed Margaret Lockwoods or Phyllis Calverts were thrown at rakish James Masons or syrup-voiced Stewart Grangers, and the titles told all. *The Wicked Lady, Idol of Paris, They Were Sisters, Root of All Evil, The Bad Lord Byron.* My personal favourite film is *The Seventh Veil,* in which J. Mason discourages A. Todd from emulating A. Rubinstein by smashing her hands at the piano in mid-arpeggio. The neighbours at least were probably grateful: but Mr Mason was tarred with the enormity for many years of fruitful movie villainy to follow.

*

Last and least, *The Pirate Movie,* which is donning an eye-patch and heaving a cutlass at a cinema near you. This filmed-in-Australia romp is based, like most things these days, on Gilbert and Sullivan's *The Pirates of Penzance.* Kristy McNichol (of *Little Darlings*) and Christopher Atkins (*The Blue Lagoon*) are two modern youngsters flashbacked to piratical times to enjoy the roles of Mabel and Frederick, while the screen explodes around them in music and action like a box of damp fireworks. Newly written pop songs are awkwardly pincered in between such as "Come friends who plough the sea" and the Major-General's patter song (well done by Bill Kerr). The movie gives the impression that what may once have been a bright and snappy idea soon grew very long in the indentures.

Saul/Zurich

Andrew Clark

Operatic life in Zurich has been forced into low gear since June, due to a two-and-a-half year modernisation programme at the opera house. As if only too well aware of the consequent famine, the city's opera-loving public has turned out in force for the company's first major production using an alternative stage. The Kongresshaus is far from ideal, but the acoustic is bright and clear, and the awkward square shape of the auditorium has been remarkably well adapted for a staging of Handel's *Saul.*

Although not so tied to conventions of musical form as his operas, Handel's "dramatic oratorio" observes most of the structural rules of opera seria, and seems to have escaped full operatic status only because of its biblical subject-matter. The story has visual and dramatic potential, but it is Handel's music, imaginative, sublime, ever-sensitive to mood and with a characteristically brilliant orchestration, that carries interest through to the end of the evening.

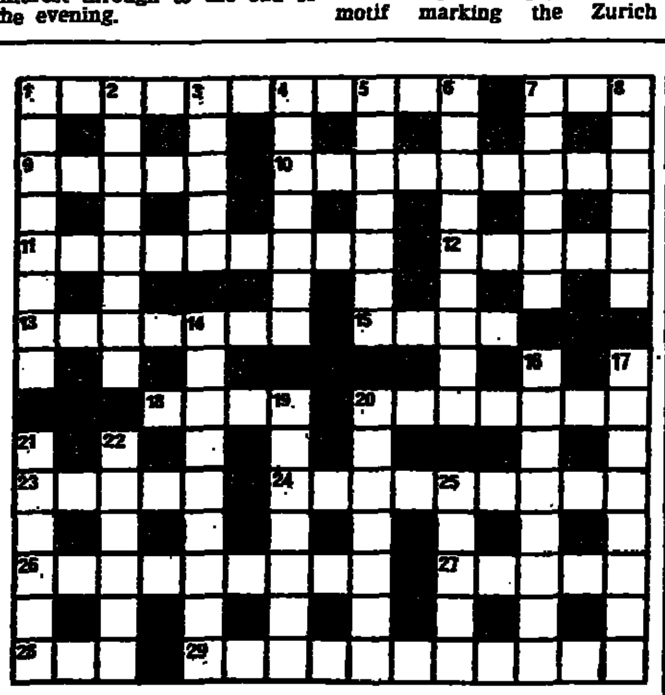
Nikolaus Harnoncourt's contribution here has been predictably vital. The orchestra is quite large, augmented by lute, lyre and organ, and sits cradled in the centre of the auditorium. The toughness and rythmic energy of Harnoncourt's approach are less noticeable than in his Mozart, though only, I suspect, because attitudes to authentic style in music of the baroque have had more time and opportunity ot adapt to change.

Harnoncourt's care for detail, expressiveness and contrapuntal eloquence are a constant source of joy. The chorus responds to his direction with vigour, and it is as a great ensemble work that *Saul* stands out in this staging. There is nothing hackneyed or laboured in the way the Zurich intendant, C. H. Drese, groups and moves the chorus; its ever-present role is as dignified and purposeful as the courtly dances and the witches' postures are tastefully judged.

The depth of psychological motif marking the Zurich Mozart and Monteverdi series by Ponnelle may be missed by some, but Drese more than compensates by his restraint and clarity, and an intelligent use of the limited, triangular stage floor. His use of lighting to focus on the darker thoughts of Saul's mind is both musically derived and technically accomplished, although the costumes and postures for Saul and David are a little too Wagnerian for comfort. Drese's one big mistake is the ridiculous puppet show during the opening chorus, re-enacting the confrontation between David and Goliath.

Casting is mixed. Simon Estes in the title role was a disappointment. There is little subtlety in the voice, and his almost conversational slurring of lines disrupts the formal shape of Handel's phrasing. The real jewels are the noble, inspired counter-tenor of Paul Esswood as David, Francisco Araiza's handsome, richly sonorous Jonathan, and the exquisite portamento of Elizabeth Gale's Michal.

F.T. CROSSWORD PUZZLE No. 5,065



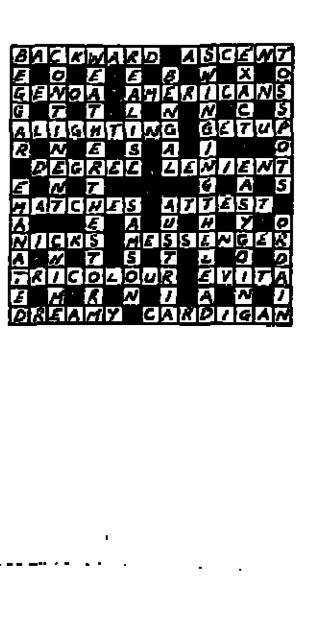
ACROSS

1 Two meeting a form of supreme council (11)
7 Set up a trick (3)
9 Passive interchange (5)
10 Scold one European for being reckless type (9)
11 Watch space at station entrance (5-4)
12 Drove many to dissension (5)
13 Robs and disappears outside City (7)
15 Speak Afrikaans thanks to a student. (4)
18 The wife is better (4)
20 Beer the price of a herb (7)
23 Way to complete stop (5)
24 A cold one isn't welcome (9)
26 A very soft finish takes time if something added (9)
27 Maybe ask how Manx get head-dress (5)
28 Swell half the capital (3)
29 He may bring about a good move (6, 5)

DOWN

1 The smallest possible present for Archbishop (8)
2 And shut ——— of mercy on mankind (Gray) (3, 5)
3 Well known piece of music? (5)
4 Convert made us one of them (7)
5 With German support, fellow you hear set free (7)
6 Drier that could be inferior (5-4)
7 Recruit—man on board that is (6)
8 They attend a 24 (6)
14 Accusation precludes your being one of twelve (9)
16 Mention a new name (8)
17 Boy has doubt — not born to hold the stage (5, 3)
19 Determinative bench worker (7)
20 Very old standard-bearer (7)
21 Long for example (6)
22 Pour cold water over mother swan (6)
25 Father takes in wood for old Turkish governor.

Solution to Puzzle No. 5,064



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Japan and the alliance

IT IS OFTEN said that it does not matter who runs Japan. There are two reasons for this view held by outsiders peering into the mysterious processes of Japanese politics. The first is the manner in which the Japanese go about electing their leader.

Mr Yasuhiro Nakasone's elevation to the leadership of the ruling Liberal Democratic Party and the premiership was the customary back-room affair which smacked of patronage not to say feudalism. The second and related reason is that, because this intensely private process is about power and not policies, major swings of the political pendulum are unheard of.

It is not for outsiders to tell the Japanese how to run their affairs, especially since the result of this unique form of consensus democracy has given Japan three decades of enviable political stability since the Second World War and turned it into a major economic power.

Power

In doing so, however, it has also created a dilemma which is becoming increasingly acute as the ravages of world recession gnaw at the cohesion of the Western Alliance of which Japan is a part.

For the fact is that Japan is an uncomfortable member of that Western Alliance, which wields enormous economic power but assumes a diffident, even self-deprecating posture when it comes to asserting itself politically.

This was understandable, perhaps even necessary, when, in the first two decades after the end of World War II, Japan was little more than a junior partner of the U.S. Its GNP was tiny in comparison to that of its mentor across the Pacific.

But this is no longer the case. The Japanese economic miracle has rightly given its leader a place at western summits and therefore both the power and the responsibilities of a fully-fledged member of that exclusive club. The question which arises today is how it should exercise that power and how, as a member of the Western Alliance, Japan can best help consolidate and strengthen it. No doubt this will be the thrust of the discussions in Washington later this month between Mr Nakasone and President Ronald Reagan.

One of the things which Japan should not be expected to do is to cave in to the rising chorus of protests from its trading partners. There is plenty of room for improvement in Japan's accessibility to outsiders as a market, especially in agricultural products. The last three packages aimed at reducing both tariff and non-tariff barriers were welcome but Japan could, and should, go further.

But, vital as it may be to the industrialised world at a time of recession and deepening unemployment, the issue of trade friction with Japan is only part of the problem, and is due more to the uncompetitiveness of European and U.S. industries than to Japanese protectionism.

There are other issues which Mr Nakasone, who is said to hold stronger views and to be more assertive than many of his predecessors, should concentrate on.

Pace

One, as we have argued before, is the need to take a closer look at the structure of the Japanese economy. Japan's economic establishment appears obsessed with cutting the budget deficit, a policy which not only adds to Japan's growing trade surplus, and therefore exacerbates frictions with its trading partners, but also keeps the yen lower than it should be. Reflating the economy would serve the twin purpose of reassuring Japanese industry and boosting import demand.

The second, major issue and the one which casts most doubt on Japan's willingness to play its full part as a member and beneficiary of the Western Alliance is the pace at which it is strengthening its defences as part of the West's efforts to contain Soviet expansionism in Asia.

The Japanese Government has boosted defence spending by more than 7 per cent for three years running now which, even allowing for inflation, is doing better than Nato countries. But the country's military spending as part of its gross national product is still 0.9 per cent. The dictum, laid down in the 1970s, that defence spending should not exceed 1 per cent of GNP has become an absurd political millstone around the neck of successive Japanese leaders.

Mr Shintaro Abe, the new Foreign Minister, has already hinted that the 1 per cent barrier may be breached if only because GNP growth is variable. The sooner that happens, the better. It is important that Japan be able to defend itself adequately without arousing fears among its Asian neighbours of renewed Japanese militarism. It would also be tangible proof that the country is willing to declare itself unconditionally a member of an alliance without whose help and protection it could not have reached its present economic heights.

Mr Heseltine, at last

THE POST of Secretary of State for Defence has turned out to be something of a bed of nails in Mrs Thatcher's Cabinets. First of all, Mr Francis Pym let it be known that he was prepared to resign if sufficient funds were not available to carry out the Conservative Party's manifesto commitments. He was moved.

His successor, Mr John Nott, seems to have gone partly for the same reasons. Although he announced some months ago that he wanted to seek a career outside politics after the next general election, the long arguments with the Treasury over defence expenditure contributed to his decision. Mr Nott was brought in to conduct a review of Britain's defence priorities, which he did with some distinction. But it was when the Prime Minister sided with the Chancellor of the Exchequer in trying to claw back some of the costs that he decided he had had enough.

Interest

Mr Michael Heseltine, the former Secretary for the Environment, had long been expected to take his place once the post-Falklands review was completed. In some ways he is the logical choice. He is an innovative administrator, and clearly enjoys management. He is also articulate and has a way of spellbinding the Tory Party Conference. His appointment allowed other changes to be kept to the minimum in that he has been succeeded at Environment by his deputy, Mr Tom King, a man who knows the subject of local government quite as well as his predecessor and who is certainly Cabinet material

Those are the plus points. There are, however, some negative factors. Mr Heseltine is a bit of an unknown quantity. Despite his popularity at conference, he has never been identified with any particular wing of the party. That may be an advantage if he can bring a fresh mind to defence and what is by any standards a difficult department to run. But it has to be said that he is not known for any great interest in the subject nor even in the wider theme of international affairs and diplomacy.

Task

At this relatively late stage in her administration Mrs Thatcher has thus been obliged to fall back on someone who is neither a close personal confidant nor an established expert. That shows one of the weaknesses of her government. It does not have great reserves of talent to draw on and this is particularly marked when it comes to overseas policy.

Apart from trying to keep defence expenditure under control and seeking a more satisfactory relationship with the Treasury over the costs of long-term projects, Mr Heseltine will have the additional task of articulating the Government's nuclear policies. A year or so ago few people predicted that this was becoming such a central issue. But the widespread opposition to Trident and to the deployment of American intermediate nuclear weapons on British territory has ensured that it can no longer be ducked, or met only with slogans.

The Government's problem is that it is trying to fight on two fronts, defending both a new independent nuclear force in Trident and part of an alliance system through the stationing of American cruise missiles. It has long been our view that Trident is dispensable and that British defence policy should be concentrated on strengthening the Atlantic Alliance. If Mr Heseltine sets himself one single objective, it should be this: the Alliance is in some disarray and is not strongly led from the European end. The task is to co-ordinate the Europeans so that they can better deal with the Americans. This will only be possible, however, if European Governments can take public opinion with them.

WEST GERMAN ELECTION PROSPECTS

Helmut Kohl's spring gamble

By Jonathan Carr in Bonn

THE CURTAIN goes up today on the West German election campaign—and comes down on one of the oddest periods in the country's 33-year history. Unless all the evidence deceives, the Federal President Karl Carstens will announce the dissolution of Parliament and the holding of premature general elections on March 6. That means that in just over eight weeks it will be clear whether Chancellor Helmut Kohl is to stay head of government for a full four-year term—or whether he was just an "interim Chancellor" as his foes have claimed (many with signs of decreasing confidence) during his three months of power so far.

By all accounts President Carstens does not relish the task before him—and little wonder. Bonn—the so-called "federal village' which is the country's political headquarters but not much else—has an artificial air about it even at the best of times. But over the last month it has been the scene of a curious political drama, which has strained the constitution to its limits (some argue, beyond them) and put the President in a very uncomfortable position.

The drama began on October 1 last year with that "constructive vote of no confidence" in the Bundestag (the lower house of parliament) through which the Social Democrat (SPD) Chancellor Helmut Schmidt was removed and the Christian Democrat (CDU) Helmut Kohl put in his place.

The vote was in accord with the letter of the constitution (although used only once before)—but the circumstances in which it was held clearly unsettled public opinion. Only in February last year Herr Schmidt had won a vote of confidence with full support from his SPD and its then-coalition partner, the Liberal Free Democrats (FDP). Yet in October the FDP (although deeply divided on the issue) switched its vote to Herr Kohl.

It was hard for many people to see what had happened in the intervening seven months to change the liberal party's stance towards Herr Schmidt—who remained easily the most popular politician in the country. At any rate opinion polls after October 1 showed a big majority of voters in favour of bringing forward the general election from autumn 1984, when it would normally have been held. All parliamentary parties agreed—albeit for different reasons, and in the FDP's case with marked foreboding.

But urging a premature election in West Germany is one thing—actually holding one quite another. The fathers of the constitution, mindful of the political instability of the Weimar Republic era, left only two routes to an early poll. One can be opened if the Chancellor resigns, the other if he loses a vote of confidence after which the President can (but need not) dissolve Parliament. Herr Kohl chose what he felt was the lesser evil and arranged with his political friends to take the second course in the Bundestag on December 17. In proceedings broadcast on nationwide television, the German public thus had the unique spectacle of seeing its head of government grinning broadly as it was announced that his coalition had withheld confidence in him.

President Karl Carstens (centre), flanked, from the left, by Hans-Jochen Vogel (SPD), Hans Dietrich Genscher (FDP), Franz Josef Strauss (CSU) and Chancellor Helmut Kohl (CDU)

In theory, President Carstens could well argue that Herr Kohl had a clear parliamentary majority and that the whole affair was "a put-up job." But in practice it has been almost impossible to find anyone who really believes that the President will rule out a March 6 election, and all the parties have been actively making campaign preparations for weeks. Despite this, there has been much public agonising over what the President's decision will be—agonising which has taken on the air of a charade.

Nor is that the only element in West German politics to seem somewhat unreal over the past few months. Another has much to do with the dramatic change in the public image of the man at the top. Herr Schmidt seemed the personification of the "Iron Chancellor"—precise, competent and, latterly deeply concerned above all about world economic problems. Herr Kohl is much less precise in his public comments. While he talks about economic difficulties too, he radiates optimism that solutions will be found.

That is obviously no bad thing in itself. Herr Kohl's evident love of his job from the moment he was sworn into it is surely one of the strong factors working for his re-election. After years in the opposition wilderness, Herr Kohl seems buoyed by the delight of proving he is a better head of government than his many critics thought possible. The buoyancy is infectious and, on the face of it, just what is needed at a time of economic recession, low business confidence and "Zukunftsangst" (fear of what the future may hold).

On the other hand, it is fair to ask how durable this optimism may be—whether it is well founded in a genuine new sense of governmental purpose, or whether it is, to be blunt, largely cosmetic.

> **Kohl's buoyancy is infectious. But is this optimism founded on a genuine sense of purpose or is it largely cosmetic?**

On the foreign policy side, Herr Kohl's flying visit to Paris the moment he came to office was a clever gesture of esteem which went down well with his French hosts. But big practical problems exist between the two countries—above all the large and growing French trade deficit with Germany—and it is unclear how they will be tackled.

Herr Kohl also raised many hopes by quickly going to Brussels to pledge new initiatives to develop the European Community. But while Bonn's presidency of the Community Council, which began on January 1, is long on rhetoric, it looks short on substance. Further, the election campaign may prevent the Germans, especially Herr Hans Dietrich Genscher, the FDP Foreign Minister, from devoting themselves wholeheartedly to Community affairs—despite their avowed good intentions. Finally, the Chancellor got on well personally with President Ronald Reagan during his visit to Washington—but policy differences remain on, among other things, East-West trade and defence spending.

At home, the new Government came to office pledged to cut the growth in the state deficit, to reduce the tax and social security payment burdens on individuals and enterprises and to "put the economic facts on the table" which were said to have been concealed by the previous coalition.

But some of the steps the Government has taken point in the opposite direction. Bonn's net borrowing requirement this year is put at around DM 40bn (£10.5bn) (instead of some DM 30bn estimated by the previous administration, value-added tax is being increased in mid-year, a supplementary (but repayable) levy is being made on higher income earners and some social security deductions are being raised.

The Government says these measures are regrettably needed in the short run, because the previous coalition was too optimistic in its economic forecasting. It points to the steps it has taken to boost the building industry and to encourage those wanting to start up their own businesses. And it stresses that, in any case, it was impossible to tackle the whole job in just three months of office. Only when returned to power will it be able to set about the task properly.

But will it be returned? At present opinion polls give the CDU and its Bavarian ally the Christian Social Union (CSU) close to 50 per cent of the vote, the FDP less than the minimum 5 per cent needed for parliamentary representation, the SPD about 40 per cent and the Greens (ecologists and pacifists) some 7 per cent.

A lot of false conclusions could be drawn from these figures. One is that Herr Kohl might already be rejoicing in the prospect of an absolute majority for the CDU-CSU, making a wearisome coalition deal with the liberals unnecessary. The reverse is true. A CDU-CSU government would almost certainly imply that Herr Kohl's old rival, the ebullient Herr Franz Josef Strauss (CSU), would decide to come to Bonn from Bavaria as Vice-Chancellor and Foreign Minister. Herr Kohl would much prefer to see his close friend (and long a neighbour in the hills above Bonn) Herr Genscher, returning to office with his FDP.

Despite the miserable performance of the liberals in the polls, as well as the loss of some of their leading figures, it would be rash to write off the FDP already. Voters have often had trouble deciding exactly what the liberals stand for—but have ultimately supported them as a guarantor against excesses of the left or the right. That point could regain importance as a tough campaign, probably centring on the war against unemployment and the possible deployment of U.S. nuclear missiles in Germany, approaches its climax.

That said, the SPD will not be the walkover for Herr Kohl which some thought when Herr Schmidt announced last October that he would not stand again as Chancellor.

Herr Hans-Jochen Vogel, a former Justice Minister, is proving an effective successor to Herr Schmidt as the SPD's "Chancellor candidate"—less powerful an orator, but a greater force for integration in the party. His conciliatory style, allied to that of the SPD chairman Willy Brandt, could spell real trouble for the Greens. So far it has been considered almost axiomatic that the Greens will have seats in the new Bundestag, and perhaps even hold the balance of power. But, quite apart from their problems in mounting an effective nationwide campaign, the Greens are more likely to lose some support to a Vogel-Brandt SPD than they are to one in which the more rigid Herr Schmidt was at the centre of the campaign.

There is a final point. On the face of it, it seems absurd for Herr Kohl to have pressed for so early an election date—when the unemployment total which is already over 2.2m could well be close to a seasonal worst of more than 2.5m. But the CDU will still be able to argue—with some apparent credibility—that the jobless are an inheritance from a Socialist-led predecessor.

However, the longer the election is delayed, the more—to quote one senior German politician — "Helmut Schmidt's unemployed will become Helmut Kohl's unemployed." The jobless total will fall a bit during the summer, but in the autumn it seems sure to be moving up again towards the 3m mark.

The Government, as well as most economic research institutes and leading banks, expect that by then an economic upswing will be underway, which in turn will start to improve the jobless level during 1984. But most experts had similar hopes of 1982, and instead the second half saw a big economic setback, with plummeting industrial orders, production and use of capacity. This year, inflation (already below 5 per cent at an annual rate) and interest rates seem likely to fall further so that conditions for an economic upturn will improve. But it would be a rash government which bet on that—and sought to time an election accordingly.

Also, every month's delay brings the country closer to the sensitive target date (end-1983) for deployment of U.S. missiles in Germany if superpower talks in Geneva come to nothing. In these difficult circumstances, Herr Kohl has probably got his campaign timing about right.

Men & Matters

Little extras

The topic of salaries and perks can be dismissed as rather vulgar. Nonetheless, my banker friends in the Eurobond market speak of little else at this time of the year.

Early January is the time to compare Christmas bonuses which this winter have reached what one American banker describes to be as "mind blowing proportions." My friend works for Salomon the U.S. investment house which is rumoured to have made a 1982 pre-tax profit of more than $400m.

Last year was party time for the international bond market. Now the size of some Christmas rewards is starting to rival the size of bond issues themselves.

David Tendler, chairman of Salomon, is believed to have received a Christmas package worth $2m, including cash, stock options, etc., in 1981. But this year I am told that the size of one or two Salomon bonuses has been roughly ten times the amount of some senior salaries —and they can be around $300,000 to $400,000.

"I'd like to book a shingle table for a Mr Pym—lunch next Monday, Tuesday, Wednesday, Thursday . . ."

Is any senior banker worth more than Robert Redford or Marlon Brando earns each year? I put this to my American banker. He said, "We may not have the looks of a Redford—but I'd like to see him price a $100m bond issue."

Play school

Officials at Norman Tebbit's Department of Employment were in some difficulty yesterday trying to explain his reference to the "see-saw nature" of unemployment. After all, with the trend upwards for the past 37 months, it seems to be all see and little saw.

Maybe a slide is the more appropriate item of playground apparatus if comparisons are to be drawn?

Not at all, say the loyal officials. The minister actually means: "the rate of increase in unemployment is going up and down."

Family advice

Lady Felicity Marsh, who has a London University honours degree in Japanese, starts a three-week trip to Japan with her husband Lord Marsh this week. She is leaving behind her in London a firecracker for detonation later in the month.

It is a report, sponsored by the Economist Intelligence Unit and written by her, called Japanese Investment Overseas—The New Challenge, highlighting her forcible view that the latest surge of Japanese overseas investment is a scramble to set up overseas plants before the barriers of trade protection come down against the Japanese in many advanced countries.

"Businessmen concerned about the threat from Japan fall into two groups—optimists and pessimists," she says. "I am one of the optimists believing that British and European components manufacturers, for instance, will do very well from new Japanese manufacturing plants which will themselves be under pressure to use locally-made components."

She adds a rider, however, that if British and European components companies do not get into that act the Japanese components makers will themselves start manufacturing in Europe.

Felicity Marsh and her husband Dick—a former Labour Cabinet Minister, and British Rail chairman—seem to be developing a family advice centre upon matters Japanese.

He has advised Nissan in its negotiations with the British Government towards establishing a British car plant. He also advises Fujitec, the biggest liftmaker in Asia—a company which may be setting its sights upon the European market after building a plant in America.

She used to work for merchant bank Robert Fleming and gained first-hand knowledge of Japanese business by annual pilgrimages to call upon the up-and-coming companies.

After this visit she expects to go back to work to prepare a first up-date of her report on Japan's investment intentions.

Farm path

Precedent suggests that David Williamson, who leaves the European Commission to take charge of Common Market affairs in the Cabinet Office in May, is treading a path towards the permanent secretary's desk at the Ministry of Agriculture.

Michael Franklin, who moved into that spot just before Christmas after a year at the Department of Trade, was Williamson's predecessor as deputy director-general for agriculture in Brussels.

And when the 56-year-old Franklin returned to London it was to take over the European job in the Cabinet Office.

Williamson, a bouncy, slightly roly-poly man of enormous physical and mental energy, was promoted to deputy secretary during his stint in Brussels and it still only 48. He is someone who sees rather more virtue in the common agricultural policy than the Prime Minister has ever recognised and is unlikely to shrink from arguing the case with her.

Word perfect

French governments may change their hue but their touchiness about the use of the French language remains constant.

Jean-Pierre Chevenement, Minister for Research and Industry and one of the foremost defenders of a "France first" policy in international affairs, embarked on a drive last autumn to erase Anglo-Saxon expressions from internal memos and documents written by his Ministry officials.

Chevenement takes pleasure in using somewhat archaic words like "phonogramme" (for record player), where other less sensitive Frenchmen cheerfully talk of "stereo" or even "hi-fi."

But the campaign seems to be reaching its limits. Shortly before Christmas, one of the country's nationalised banks (which had better not be named) received a stiff letter from the Prime Minister's office taking umbrage at the bank's automatic telephone answering service which politely asks callers to remain patient in both French and English.

The bank retorted in blunt language that it makes a large chunk of its profits abroad, that it helps to sustain French exports, and that it had no intention of phasing out its use of English. Since then, the Government's silence has been deafening.

Comfortably off

A Wiltshire bank manager, approached by an elderly customer for a £1,000 loan, asked if she could offer any security. "You don't understand," she retorted sharply: "That's what I want the £1,000 *for*—security."

Observer

Unemployment in Europe

PART ONE OF A SPECIAL FOUR-PART SERIES

The crisis that growth alone will not solve

By Ian Hargreaves

AS EUROPE sinks deeper into its unemployment crisis, political agreement on a co-ordinated response at the EEC level is as far away as ever.

But the failure of politicians to unite around either the co-ordinated reflation proposal of the French Government or the more piecemeal attempts by the European Commission to get agreement on things like shorter working hours and youth training, is in some ways deceptive. In practice all West European countries, from the most conservative to the socialist, are deeply involved in a patchwork of policies designed to combat unemployment. In doing so, although few of them would admit it, they are both helping to foster some profound and permanent structural changes in their labour markets and accepting, implicitly, what in their official speeches they deny: that the crisis cannot be resolved by a mere revival of economic growth.

"There is a growing recognition," says Mr Ron Gas, director for manpower and social affairs at the OECD, "that the problem must be looked at in terms of medium-term structural change." Others go further and proclaim the arrival of the post-industrial society.

The figures themselves lend support to a fairly radical statement of this case.

Unemployment in the 24 countries of the OECD will probably reach 35m by 1985, up from just 10m in the 1974-75 recession. In the EEC, the total has just crossed the 10 per cent mark and some countries like Belgium and the Netherlands, not to mention Britain, face the real possibility of 20 per cent unemployment this decade.

Worse still, the economies of the Common Market between 1970 and 1982 failed to create a single net job and the worst performer, depressingly, was its nominally strongest economy, that of West Germany.

Over the whole OECD, the jobs picture was somewhat better because between 1973 and 1980 the U.S. generated 15m jobs (9m net) and Japan 3m; the Japanese because they outpaced everyone else on productivity, the Americans because they let productivity go to the dogs in creating low-skilled service jobs to mop up teenagers from the baby boom.

In Europe, as we know only too well, the baby boom has matured slightly later and, coupled with a continued strong influx of women into the labour force, will ensure that the EEC workforce continues to grow by 1 per cent a year until 1985, before tailing down towards possible stagnation at the end of the decade. Only for one European country—Ireland—does the baby boom effect continue throughout the decade, as it does in Australia and Japan.

What this means is that to keep present EEC unemployment stable at 11.2m will require GNP growth of 3 to 4 per cent a year, assuming, as it is probably unwise to assume, that productivity growth would remain as low as the current 2 per cent a year rate in an upswing. Sustained growth of 4 per cent a year has not been achieved since the 1960s.

The most widely held explanation for this sorry picture is that Europe's economies have been unable to reduce the relative cost of their labour to compensate for the 10-fold increase in oil prices in the 1970s—a requirement made more urgent by competition in traditional industries from lower cost countries in the Far East.

This "wage gap" theory, which is espoused by the European Commission, is also said to explain why the U.S., where real wages did fall in the two years following the first oil shock, managed to create jobs in the 1970s. It does not explain how Japan managed to enjoy both higher real wages and rising employment, although many economists believe the figures mask a real flexibility in Japanese wages caused by the size of the subcontract sector and, in the larger firms, by the importance of bonuses, which can be cut in response to reduced profitability.

As world trade stagnated and the monetary system suffered the paralysis of rising interest rates and lower output, two other key factors affected the labour market: the swelling of the labour force as the 1960s baby boom reached adolescence and more women took jobs, and the rapid spread of labour-saving machinery. Where are these trends, then, leading us?

Beyond 1985, there will be some relief on the labour supply front from demographic pressures, but as industry's profits improve, the fear is that it will fuel not a major re-manning exercise but a spending spree on more labour-saving machinery. The European Trade Union Institute estimates that to bring Europe back to full employment by 1990, over 15m new jobs must be created and the short-run effect of greater capital spending is one reason why this cannot happen. In the longer term, the much debated impact of new technology is practically impossible to assess, although the OECD has guessed that 60 per cent of the jobs destroyed by micro-electronics will be directly re-created in the new industries.

Beyond 1990, developments hinge upon your judgment as to whether the developed economies can generate enough output—tradeable output in the case of import-dependent European countries—to finance the necessary explosion in service jobs. Or, to take the problem a stage further, whether these service jobs can be generated

at levels of pay which will prevent their holders depending upon the welfare state for a top-up.

Today, manufacturing accounts for 26 per cent of EEC labour, down from 31 per cent in 1970. In the U.S., the figure has reached 21 per cent and the Rand Institute and Hudson Institute speak of it dropping between 2 and 4 per cent in the next 18 years, setting manufacturing alongside agriculture as a source of employment. How the developed world manages this transition lies at the heart of the employment crisis; quite simply, it will determine how long it lasts.

One important point about this type of analysis is the increasing degree to which it is accepted by businessmen and, indeed, in an instinctive way by many of the unemployed themselves. It may even partly explain the absence of a political backlash against Mrs Thatcher.

In Britain, bodies like the CBI Special Programmes Unit, a top companies' organisation which helps to implement Government youth employment measures, preaches a fairly stiff version of the gospel, and Sir Hector Laing, chairman of United Biscuits, is one of many business leaders committed both to Thatcherite politics and a belief that the crisis must be tackled by structural remedies, such as early retirement.

"As the old industries shed people," he says, "they are unlikely to re-employ them even as the economy recovers. The new industries won't absorb these people either, never mind the extra people that are coming on to the market."

Mr Peter Laister, managing director of Thorn-EMI, also believes that British industry has great capacity to increase output without increasing employment. "Until it is accepted by Government, industry and unions that of the 3.5m unemployed, 1.5m at least may well be permanent, we cannot approach a solution," he says. Industry, he adds, must play "a major part" in redistributing work.

Elsewhere in Europe, the corporate responses to these structural issues are already further advanced than most people realise. In Germany, Siemens is one of several major companies to have introduced phased retirement from the age of 55.

In France, Government-industry "solidarity contracts" are being used to cut working hours. The Governments of Belgium and the Netherlands, both of them conservative, are actively pushing employers and unions into centrally negotiated shorter hours for pay restraint deals.

All of this activity, moreover, is outside the obviously crisis-stricken areas of de-industrialisation, such as steel and textiles, the latter of which has lost almost 3m jobs in Europe since 1960. "It is no good looking just five years ahead in this question," says Dr Manfred Leve, a director of the Nuremburg-based Federal Labour Research Institute (IAB), "this is a problem for the whole of society, for democracy even." A study by the institute suggests by the year 2000, Germany will have even fewer jobs than it does now.

With these kinds of question marks over employment demand, the labour-supply equation looks even more bleak. Women workers are likely to prove a continued unstoppable force in the market because of changed social attitudes, allied to the rapid growth in one-parent families (one in five families in some countries) and perhaps because, too, the switch from manufacturing to services will go on generating the kind of part-time, low-skilled jobs which women have been prepared to accept.

In the EEC as a whole, 49.5 per cent of women are in the labour market (up from 45.5 per cent in 1973), but this is still short of the U.S. figure of 60.4 per cent. To bring Europe up to U.S. levels would draw another 8m people into a labour force of about 112m. These overall EEC figures, however, do mask some important national differences. The UK, where low wages have encouraged two-income families, has 58 per cent of its women active, compared with only 50 per cent in Germany and 35 per cent in the Netherlands.

For older people, another vital component of the labour supply equation, early retirement plans devised around the time of the first oil shock have already sharply cut the rates at which men over 60 are remaining in the labour force. Britain, with a rate of 76 per cent for the 60-64 age group, has one of the highest levels of activity, suggesting that early retirement policies still offer some scope for manoeuvre, if they can be afforded. Germany and France are already below 40 per cent and Austria is approaching 25 per cent.

Translated into hard numbers, these trends make a big difference. Mr Gunther Schmid, a labour market expert at the Berlin International Institute of Management, says the combined effect of early retirement, low female participation and dismissed guest workers between 1973 and 1979 was to reduce the German labour force by 1.7m people, which enabled a drop in employment of half a million to emerge in the figures as a relatively good unemployment performance. As these factors have worn off, however, German unemployment has leapt, by an astonishing 45 per cent in the year to September.

Even in the area of working hours, a subject which in Britain is still spoken of as if it were a theoretical debate for trade union conferences, the dramatic changes occurring in Holland, Belgium and France came on top of a steadily downward slide in the 1970s. Between 1966 and 1978, the Italians reduced annual working hours by 12 per cent to 1,540 and again Britain, with 1,969 hours per worker, is out of line with Germany's 1,714 and France's 1,786. These figures are all part of the story of low British productivity, which continue to mask the real scale of the British unemployment problem.

An even harder fact to assimilate is that the longer the crisis continues, the harder it becomes, both qualitatively and quantitatively, to solve. Partly this is a question of the costs of unemployment ($340bn a year in the OECD countries, according to the official estimate) weighing on public sector deficits to create more unemployment.

Partly it is a matter of the duration of unemployment, since we know from countless pieces of research that the longer a person is out of work, the harder he will find it to get a job again. In Belgium, 70 per cent of the jobless have been out of work for over six months and in the EEC as a whole, 40 per cent of them have been out of work for a year.

Where Europe goes from here clearly depends chiefly upon whether the ruling-Kohl-Thatcher-Reagan consensus of cautious austerity continues to hold sway or whether there is a move towards the opposite view, well summarised recently by Mr Kenneth Mayland, an economist with the First Pennsylvania Bank: "The first rule of holes: when you're in one, stop digging."

But the longer the crisis continues, the more it will be true that structural changes which would have come anyway as part of a measured social progress will be thrust upon us, causing no little pain and disturbance. Subsequent articles in this series will examine these changes in more detail.

A decade of rapid growth would make the structural solutions a lot easier to implement, but growth itself no longer looks like a potential solution in its own right.

WHERE THE JOBS ARE IN THE EEC

	1960	1970	1973	1975	1979	1981
			%			
Agriculture	17.2	10.4	8.9	8.5	7.5	7.2
Manufacturing	29.7	30.1	30.3	29.2	27.9	26.6
Services	40.1	47.3	50.5	51.7	54.4	56.0
Other (incl. construction)	13.0	12.2	10.3	10.8	10.2	10.2

Source: Eurostat, European Commission

Letters to the Editor

Building societies and differential life commissions

From Mr C. Price

Sir,—Eric Short's article on life insurance commissions (December 18) contained a fair summary of a complex subject which has already generated much heat within the industry. I feel, however, that insufficient emphasis was given to two related factors which lie at the heart of the dispute—differential commissions and the role of building societies.

Among registered insurance brokers and other full-time independent advisers working within this field there is a deep and bitter resentment that other agents who are neither competent nor qualified receive the same level of remuneration, from the insurance companies with whom business is placed, as they do themselves. The newly-formed consortium of 12 companies has chosen to acknowledge this situation by increasing the commission payable to full-time insurance advisers by 10-15 per cent.

As a differential this is, quite simply, not enough. Furthermore, I believe that the move is in the wrong direction! In spite of technical arguments to the contrary it is bound to appear to both press and public that, at the end of the day, the policyholder—the consumer—will have to find the extra money.

In drafting the new informal commission agreement the leading companies concerned have missed a golden opportunity not only to enhance their public image, but also to capture the loyalty of the full-time agents upon whom they will depend for their future prosperity. All they had to do was to halve the commissions payable to insurance amateurs. Unfortunately, such a move would upset the building societies and, alas, expediency has prevailed over principle.

In one form or another the endowment policy has been the mainstay of the life insurance industry for generations and, as such, it has generated substantial profits not only for policyholders, but also for the companies concerned. In recent years it has become increasingly obvious that, in its traditional form, the endowment policy is dying and, within many companies, it now survives solely because of its acceptance by building societies, as support for endowment mortgages.

It is for this reason that the new commission structure is designed, above all else, not to upset a relative handful of amateur agents who use their enormous financial muscle in order both to defend and extend an artificial market. Already members of the consortium are briefing senior regional and branch managers on how to deal with demands, from building societies, that they too should receive the higher levels of commission now proposed only for full-time insurance advisers and one of the largest of all insurance companies has, in fact, refused to join the consortium because it will not countenance anything less than maximum level commissions to building societies.

During the next few months much will be said and written on the subject of life insurance commissions and it is important that the public should be aware of the harsh realities which lie behind bland and reasonable statements and press releases. Sooner or later higher principles and the interest of the consumer must prevail. It is a pity that so far leaders of our industry — particularly the Scottish offices with a reputation for high standards—have chosen not to provide leadership. If they do not a sordid hypocritical commission war will, in the long run, prove far more expensive in terms of the loss of public confidence, than any short-term changes to current new business patterns.

Christopher Price.
1, Northumberland Buildings,
Queen Square, Bath.

Private contractors for public services

From the Marketing Director Exclusive Cleaning Group

Sir,—David Goodhart in his article (December 29) regarding the opposition of trade unions to the increasing use of private contractors for public services, suggests that such opposition is based on the belief that privatisation means job losses and worsening pay and conditions.

With respect, the truth of the matter is somewhat different in that many companies operating in the private sector offer better pay and conditions than those generally given by the public sector.

The fact is that the public sector unions are basically scared that a continuing increase in the use of private contractors will lead to reduced union membership and a substantial drop in subscription income, which will as a result inhibit the permanent officials in their continuing quest for personal power. The subject of pay and conditions hardly enters the debate!

Richard Barlow.
P.O. Box 91,
Camberley, Surrey.

A first-class general

From Mr M. Hurst

Sir, — It was with some surprise that I read several passages in the article: "1982: Margaret Thatcher's year" by Malcolm Rutherford (December 31). To claim the Prime Minister "has been remarkably lucky so far" reveals an ability to overlook a power of evidence. A time of world depression is hardly an opportune juncture for launching a national recovery campaign. Marked resucitation of the drive towards efficiency obviously requires scope for industrial expansion both for convincing demonstrations of achievement and the avoidance of notoriously unpopular social consequences. Reversal of the national psychological state is vastly more difficult to attain with so many downward pressures full on. Nor was the challenge of adversity sufficient to elicit due response, even when pinpointed by sustained and intelligible government pronouncements. High-quality, not lucky, generalship has come from the Prime Minister.

So, too, with the consolidation of power in the Conservative Party and "the machinery of government." Staff work and logistical zeal are the hallmarks of a first-class, rather than a "lucky," general. There is also the basic consideration (unmentioned by Mr Rutherford) of the fresh polarisation of 1979 having passed in large measure away. Thatcherism is on its path to the supremacy once enjoyed by Butskellism — well along, in fact — and commanding moral and intellectual advantages in ways mere luck would never afford. Moreover, Thatcherism not only proclaims but delivers wider scope for the citizen, alone or in combination, to enjoy more freedom in many fields; not least the freedom of better service to a consumer — most of all the freedom from intimidation on the shop floors of factories. Extirpation of gutter tyranny must always be vaunted as a major triumph of the past three years. Hence the contention that the growth of the Prime Minister's influence and the rightward trends to be expected in policy will denote "a growing authoritarianism" does not convince. Liberty, as Sir Robert Peel so acutely and persistently insisted during the debates on the "Great Reform Bill," is not a monopoly of the Centre and Left. Strident authoritarianism in Britain since 1945 has sprung not from libertarian economics or patriotic foreign policies, but from unofficial excesses among misguided elements of wage earners. Minority despotism has not disfigured the "wicked landlord" or any latter-day Crowthers of Bankdam. Shop stewards and the National Front win that prize.

As to "a sizable part of the electorate" finding any "growing authoritarianism" a development "by no means against its liking," again the question arises as to why Tebbit-style curbing of Coronation Street Jacobins and the smashing up of the "politics of envy" — vastly overdue and increasingly demanded courses — should be regarded as the march of the jack-boot and their backers as potential storm troopers.

Upholding and augmenting the law of the land for individual freedom may bring dismay to the militant left authoritarians, but it is not itself tyranny. It is in fact the backbone of healthy liberal democracy.

Michael Hurst.
St John's College, Oxford.

Some mistake here, surely

From Mr T. Fisher

Sir,—I have just read the letter from John Heddle MP (January 4) dealing with ominous gaps in London offices.

May I cite what I consider to be an almost laughable deterrent to the use of London offices even though our case could hardly be more removed from the "flagship" class.

We occupy a small office of some 600 square feet and there are three people in the office. We recently received our water rates and these work out at a few pence under £400 per annum. Readers might feel that this is a bit steep on the face of it. When you consider however, that we have no water in the office, have access to a coffee machine and reasonable access to the loos it becomes clear that our calls upon water and sewerage services are rather limited compared to the charge.

I took the matter up with the relevant authorities who were quite unflinching. Among suggestions made to us was separate meterage (which is hardly practicable) and other suggestions were even less helpful. I suggested we might be visited so that an amicable rate could be worked out but this suggestion was ignored.

Tim Fisher.
ABV Trading,
Devonshire House
146 Bishopsgate, EC2.

FINANCIAL TIMES

Friday January 7 1983

INDIAN PRIME MINISTER'S PARTY LOSES TWO MAJOR STRONGHOLDS

Blow for Gandhi in state polls

BY K. K. SHARMA IN NEW DELHI

MRS INDIRA GANDHI, India's Prime Minister, received a severe jolt yesterday as it appeared certain that her Congress(I) party would lose in all three states where legislative elections were held on Wednesday.

The Congress debacle could have far-reaching repercussions on the Indian political scene.

The Congress(I) took a hammering in the two southern states of Andhra and Karnataka, which have traditionally been Mrs Gandhi's strongholds. The Congress(I) government in Karnataka, led by Mr Gundu Rao, resigned early in the day when it was announced that the chief minister himself had been defeated and it became virtually certain that his party would lose.

In Andhra, the Telegu Desam Party, formed less than a year ago by the former film actor, Mr N. T. Rama Rao, took a commanding lead while the ruling Congress(I) was routed by its opponents. Mr Rama Rao, who could be the next chief minister of Andhra, won easily in the holy city of Tirupati.

Maneka Gandhi, widow of the Prime Minister's younger son Sanjay, formed her own party which fought the election in Andhra against her mother-in-law in alliance with Mr Rama Rao.

In the north-eastern state of Tripura, the ruling Marxist government took a winning lead and seemed certain to return to power again. Thus in all the three states, the Congress(I) suffered serious setbacks which suggested strongly that Mrs Gandhi's charisma and vote-catching ability had failed to work.

Mrs Gandhi and her son and heir-apparent, Mr Rajiv Gandhi, had campaigned vigorously for the last three weeks in the two key southern states but the poor performance of the Congress shows that even her erstwhile staunch followers had rejected her. In 1977, when Mrs Gandhi lost the parliamentary elections for the first time, the only two states that voted solidly for her Congress(I) were Karnataka and Andhra.

The rejection of the Congress(I) in the South comes after a poor showing by the party in the two northern states of Haryana and Himachal six months ago when Mrs Gandhi's Congress(I) formed governments in both only with the help of defectors from other parties.

There is no immediate threat to Mrs Gandhi since general elections are not due until late 1984 and she has a two-thirds majority in parliament. But because of the dismal record of the Congress(I) in state elections in all parts of the country, demands for early general elections are bound to grow. These will be reinforced if, as expected, the Congress also does poorly in elections in the states of Assam and Meghalaya in the north east and in local elections in Delhi next month.

The emergence of the Telegu Desam in Andhra, where it was unknown until a few months ago, strengthens the belief that local and regional parties are gaining influence in India at the expense of established national parties, especially the Congress(I).

In Karnataka, the Janata party – which ousted Mrs Gandhi from power in 1977 and then disintegrated in 1979 – made a surprisingly good showing and could emerge as the largest single party in alliance with the Kranti (revolutionary) party formed by Mrs Gandhi's local opponents. Since the Janata has no real national following, the Karnataka results also show the growth of regional forces.

A major reason for the defeat of the Congress(I) is that Mrs Gandhi has concentrated power in herself and has not encouraged the party to build up an organisation at grass-roots level.

Philips in talks on Moscow TV deal

By Walter Ellis in Amsterdam

PHILIPS, the Dutch electrical giant, is holding discussions with officials of the Soviet Trade Ministry about the possible supply of parts and equipment to a proposed colour television plant in the Soviet Union.

According to Mr Victor Beletski, Soviet ambassador to The Hague, the deal could be worth many millions of dollars.

Philips was more circumspect but said that "if the talks should lead to a positive result and we equipped the factory, it would be an important development for us."

The present talks arose out of a visit to the Netherlands last month of a Soviet technical delegation. During a meeting with Philips executives in Eindhoven, the Soviet side disclosed that a new colour television plant was planned and that Philips was considered a suitable supplier of the required technology and equipment.

The factory would manufacture Philips receivers under licence from the Dutch concern, rather as it now makes Lada cars under an arrangement with Fiat of Italy.

The demand for colour television is growing fast in the Soviet Union, and imported Western technology is preferred to an expensive programme of internal development.

It is understood that contacts have also been established with West German and Japanese leaders in the television field but that Philips has emerged as the front runner. There is even said to be a possibility that the Dutch company may open its own representative office in Moscow.

In recent months Philips has been involved in several international initiatives. This week it announced an important co-operation agreement with AT&T of the U.S. for the manufacture and marketing of digital switching systems.

It is also to engage in a joint research programme with Siemens of West Germany and has had talks with Intel, the American corporation, about technology exchange.

The Soviet deal would, however, be the first of its kind within the Eastern bloc. Philips does, of course, sell products and parts to the East but has never previously been established there.

Mr Fritz Philips, a former president of the group, was strongly anti-Communist and under his leadership, from 1961 to 1971, no business whatsoever with the Soviet Union was permitted.

Europe's electronics battle, Page 10

THE LEX COLUMN

Hobson's choice for GUS

Even the Bank of England's lifeguards could not do much to protect sterling yesterday from the gales blowing in from across the Atlantic. The pound dropped below 83 on the trade-weighted index as the foreign exchange market took stock of the sharp drop in the UK's official reserves during December. Gilt-edged also took a battering and the exhaustion of the longer index-linked tap braced the market for a fresh issue of stock in that sector. A new conventional tap would be unseaworthy in the present squall.

GUS/Empire

The Monopolies Commission report on the GUS bid for Empire Stores is a thoroughly uncontroversial document, which shows how clearly the Commission can analyse a case in which one side has a virtual monopoly of the arguments. The rejection of the proposed takeover is unanimous and the world will never know whether Lord Cockfield has a major stake in the mail order industry.

The only wonder is that it has taken almost nine months for a decision to be reached on a bid which, from the outset, had such clear anti-competitive implications. In the meantime, Empire's trading position has steadily deteriorated and the predatory presence of Sears Holdings in the wings more or less guarantees that control of the company will not be determined for another few months.

The OFT will presumably be under pressure to wave through a bid from Sears which would, in any case, be in quite a different category from the GUS offer. The only significant area of overlap would be footwear retailing where, if necessary, Sears could provide guarantees about sourcing.

The Commission's insistence that GUS should reduce its holding to below 10 per cent leaves the company in an uncomfortable dilemma. It has no realistic chance of obtaining for its shares anything approaching the 112p average price which it paid. Sears, well aware that the marriage value of Empire was immeasurably greater to GUS than it would be to anyone outside the industry, is already numbling that the Empire price of 86p is unrealistically high.

Sears is stating its case but there is no other obvious counter-bidder and GUS may feel that it cannot afford to cling on to a company over which it has no management control and with which it is in direct competition. Moreover, by holding on to shares which it has been required eventually to divest, it risks incurring the wrath of the Department of Trade. So, if Sears produces an offer which other Empire shareholders find acceptable, its most sensible course of action will be to cash in its chips.

Consumer spending

The extent to which the UK consumer boom has been funded by debt and a run-down of savings was underlined yesterday in the official personal income statistics. By the third quarter the savings ratio had fallen to 9.5 per cent of total personal disposable income, from 13 per cent a year ealier. This suggests that excluding the contractual savings element, the personal sector as a whole has gone into deficit for the first time since 1978. The ratio is well below the 10¼ per cent estimated in the December Bank of England Bulletin, and given the subsequent retail spending surge is likely to have fallen in the fourth quarter below the previous low of 8.8 per cent in 1977.

After the trough in real disposable income in the spring quarter of 1982, consumers seem to have been adept at anticipating a recovery in spending power. But although confidence may have picked up, the low savings ratio suggests that a sizeable chunk of the expected 1983 spending upturn may already have been pre-empted. The dependence on debt means that future retail trends may be particularly vulnerable to an upward movement in interest rates. And yesterday's acceleration in the rate of increase in unemployment may also prove an unsettling influence. It is hardly surprising that the previously buoyant stores sector has under-performed the market over the last six weeks.

Currently at least, confidence remains the prerogative of the consumer alone. Even stores seem to have seized this opportunity to run stocks down further. And without volume gains, it is proving hard for the corporate sector to do much about profits. Yesterday's figures show trading profits of non-North Sea industrial and commercial companies falling by 4 per cent in the third quarter below the previous three months. The squeeze on pricing must be offsetting the impact of lower interest rates, and the work on cost cutting. Possibly, the benefits of lower sterling will vanish down the same hole. Without volume, the corporate sector may be in no mood to act as an expansionary influence within the economy.

Electronic Rentals

After missing out on phase one of the video-recorder boom Electronic Rentals of the UK is finding that catching up in phase two is an expensive business. Pre-tax profits for the six months to September fell by almost 17 per cent to £8.2m, partly reflecting a £3.5m increase in the depreciation charge caused by the heavy investment in VCRs. The group claims to be catching up on the opposition now that it has switched its main effort from Philips' products to Panasonic, but muscling in on the market must be taking its toll on margins.

With the expenditure on VCRs also coinciding with the hump in the television replacement cycle, the pressures have fed through to a 12.4 per cent fall in trading profits in the rental division. Other businesses are also deep in the doldrums, with leisure justifying its up-for-sale notice by turning into loss.

The spending on new equipment is producing a substantial cash outflow for a balance sheet which is already stretched. The room for manoeuvre achieved through the acquisition and dismemberment of the London and Montrose Investment Trust is rapidly being eroded, with borrowings likely to rise by another £10m in the current half. The position is further undermined by the high tax charge, resulting from the lower levels of capital allowances granted to the industry – and there must be some hard thinking about ways of restructuring the group to mitigate this. The shares, down 8p to 67p yesterday, offer a prospective yield of 9.4 per cent, partly reflecting the market's anxiety over how the group will handle the new demands of the consumer electronics revolution.

Denmark's credit rating reduced

By Peter Montagnon in London

DENMARK's international credit rating suffered a blow yesterday when Standard and Poor s, the U.S. credit rating agency, said it had cut the country's rating from triple-A category to double-A plus.

This is the first time the agency has awarded anything less than a triple-A rating to a member state of the European Community.

Standard and Poor's said the move reflected structural imbalances in the economy affecting, in particular, the external sector and the budget deficit. It comes, however, at an embarrassing time for Denmark, which is negotiating a large Eurocredit, expected to be around $1bn, from a group of international banks led by Morgan Guaranty.

Some bankers in Europe yesterday suggested that the amount of the credit might be reduced after the cut in the country's credit rating, or its launch could be delayed.

Others pointed out that Denmark has been on Standard and Poor s "credit watch" list for some months and that a cut in its rating had therefore been discounted.

Kirk to appear in court after challenge to UK fishing limit

BY NICK GARNETT IN NORTH SHIELDS

THE DANISH trawler Sand Kirk, escorted by a British Royal Navy fishery protection vessel, sailed into North Shields last night to be met by an army of reporters and TV crews and a court summons for its captain.

Mr Kent Kirk, conservative Member of the European Parliament and chairman of the Esbjerg Fishermen's Association, is due to appear at North Shields magistrates court today, accused of fishing within Britain's new 12-mile fishing exclusion zone. The ofference carries a maximum penalty of £50,000 ($80,000) and confiscation of gear.

Mr Kirk's challenge to the legality of the new fishing limits got underway when fishery protection vessel Dumbarton Castle spotted the 140-ton trawler with its net cast about 12 miles of the Hartlepool-Whitby coastline.

The trawler was boarded at lunchtime by officers from the 1,480 ton fisheries protection vessel – which served in the South Atlantic during the Falklands war – and Mr Kirk was requested to follow the Dumbarton Castle into the Albert Edward dock on the quiet and extremely chilly river Tyne.

After a short investigation Mr Kirk was issued with a summons for alleged contravention of the Sea Fish (Specified UK Waters) Prohibition of Fishing Order 1982.

The Order is so new that the local fisheries inspectorate did not have a copy of it yesterday until it was brought up by Agriculture and Fisheries Ministry lawyers.

Mr Kirk, surrounded by the 12 press and TV people who had sailed on the boat and endured two days of seasickness in gales up to Force 10, have a "V for victory" sign in the glare of the TV lights.

He said he would plead not guilty because he believed that the British fishing limit was outside the law he did not feel like a pirate but he did feel sea sick. "The matter is now in the hands of my lawyers."

Argentina wages war on zeros

BY OUR BUENOS AIRES CORRESPONDENT

THE ARGENTINE Government has announced that it will replace the country's heavily-inflated and devalued currency later this year, launching a new peso worth 10,000 of those currently in circulation.

The new currency will bring much-needed relief to Argentina's accounting system, which is clogged by a flood of zeros that render statistics practically incomprehensible.

At the moment, it takes about 49,000 pesos to buy one dollar at the official rate and about 71,000 on the black market, with the rate slipping further each day, roughly in line with Argentina's inflation rate of just over 200 per cent.

Argentines have long since turned to the U.S. currency to calculate values greater than a few hundred million pesos – the cost of a small car.

Economy Ministry officials say that in addition to restoring sanity to local prices, the move is also designed to change the mentality of a nation long used to the expectation of continuing hyper-inflation. The return to a financial system of more manageable numbers is in itself expected to help curb upward pressures in the cost of living.

But the new currency, which may come into circulation as early as next March, is likely to cause as much confusion

Despite the astronomical number of zeros in present prices, most Argentines still reckon in terms of the pesos in circulation before 1969, when old pesos were exchanged at the rate of 100 to each of the present units. For most Argentines, "1m pesos" means 10,000 present pesos, or just one of the new currency units to be introduced later this year.

Costa Rica debt crisis, Page 4

French banks begin to cut lending rates

Continued from Page 1

torium" by M Mitterrand three months ago. It will apply to a relatively small number of companies.

● The Government has agreed with the banks that FFr 7bn worth of long-term business loans will not be subjected to France's system of credit ceilings. The loans, up to a maximum of FFr 20m per company, are designed particularly to aid small enterprises

Under credit ceilings rules, adjusted last December, credits for consumers will be allowed to increase this year by no more than 5 per cent, compared with 7 per cent in 1982. Specific credits to allow companies to buy equipment and support exports are to be allowed to increase by a maximum 12 per cent this year.

● Aided by the cut in savings deposit rates, the Caisse des Depots et des Consignations – the giant institution at the pivot of the country's savings network – will cut the cost of some of its loans, particularly to help the building sector.

● As a fresh inducement for cuts in the big banks' lending rates, the Finance Ministry is ready to cut reserve requirements levied on the banks' deposits. This measure, aimed at injecting about FFr 10bn of extra liquidity into the banking system, has been rumoured for some time but delayed because of fears about the franc.

Australian refused bail in platinum theft case

BY GEORGE MILLING-STANLEY IN LONDON

SOUTH AFRICAN police believe they may have caught the "Mr Big" behind last year's theft of about $12.2m worth of semi-refined platinum from a refinery near Johannesburg, owned jointly by Rustenburg Platinum Mines of South Africa and Britain's Johnson Matthey.

Mr Peter Steven Copko (32), an Australian businessman who has lived in South Africa for some time, was this week refused bail for the third time since his arrest in early December. He has been charged with thetheft of the platinum, possession of unwrought gold and contravention of exchange control regulations.

The judge refused bail on the grounds that Mr Copko might abscond, and remanded him in custody in Johannesburg until January 28.

He was unsympathetic to the defence's claims that Mr Copko's businesses were suffering as a result of his detention, and that he would be unlikely to leave the country since most of his assets were in S. Africa. These included a substantial house and investments totalling R350,000 ($327,000) in an electronics business, a shop selling specialist health preparations and a video company.

The judge pointed out that Mr Copko had previously said he owned a house in Australia.

The prosecution has alleged that Mr Copko made eight shipments of semi-refined platinum to the UK, receiving R600,000 in payment.

The disappearance of the platinum concentrates from the refinery was discovered during stocktaking. The thefts took place over a period of time, according to Rustenburg. At one stage two security guards were caught walking out of the plant with buckets full of the material.

It was generally felt at the time that there must be an outsider behind the thefts, and probably one with a means of spiriting the platinum out of South Africa for refining into finished metal.

Mr Copko is described as an import/export agent.

Rustenburg has offered a reward of R500,000 for information leading to the recovery of the stolen platinum, plus 10 per cent of the value of any precious metals recovered.

Selling prompts fresh falls in sterling

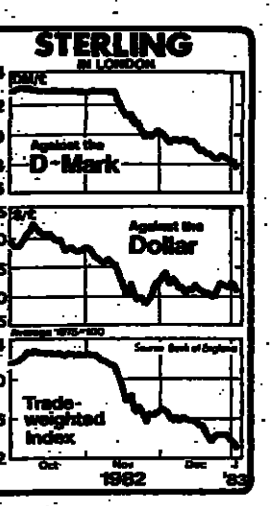
Continued from Page 1

1.35 cents to finish at $1.6085, despite further intervention by the Bank of England.

At one point sterling's dollar-value fell as low as $1.6055, a decline of more than 1.5 cents, but it recovered slightly to close in London at $1.6085.

Some dealers said there was a substantial switch of corporate funds from sterling into the stronger European currencies, particularly the D-Mark and Swiss franc. Although the yen had been strong recently, fears of a cut in Japanese interest rates kept the yen on the sidelines yesterday.

Reacting to the decline in sterling, gilt-edged rices fell back by as much as 1½ points for the longer maturities. London money market rates were also slightly firmer.



Fed urged to set targets

Continued from Page 1

ing Federal Open Market Committee, the Fed has repeatedly decided to allow monetary growth "somewhat above" the top of its M-2 target ranges

The monetarists fear that the present monetary confusion, created by the changes in bank regulation and by the Administration's eagerness to see the economy pushed out of recession as rapidly as possible, will give the Fed an excuse to shift back to a totally discretionary monetary policy.

Feldstein, who is at present strongly backing the Fed's more relaxed attitude to monetary targests, is seen as the key Administration figure who has to be persuaded that virtual abandonment of monetary targeting will eventually lead to an upsurge of inflation and alarm the financial markets.

The problem in persuading Mr Feldstein is that he is at present so gloomy about the prospects for economic recovery – his most recent forecast is believed to show a growth rate of only about 1 per cent at an annual rate in the current quarter and 3 per cent between the final quarters of 1982 and 1983 – that he does not see inflation as an immediate threat.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Dubrovnik	S	16	61	Malaga	F	16	61	Salzburg	S	8	46
Akrotiri	F	14	57	Faro	F	14	57	Malta	S	17	63	Seoul	S	9	48
Algiers	S	18	64	Florence	S	15	59	Manila	S	32	90	Singapore	C	32	90
Amsterdam	S	11	52	Frankfurt	R	13	55	Miami	C	24	75	Stockholm	C	5	41
Athens	C	11	52	Funchal	C	6	43	Milan	Fg	3	37	Strasbourg	S	13	55
Bahrain	S	21	70	Geneva	Fg	4	39	Moscow	Sn	-4	25	Sydney	S	25	77
Bangkok	S	32	90	Gibraltar	F	16	61	Munich	S	12	54	Taipei	R	19	66
Barcelona	F	12	54	Guernsey	S	11	52	Nairobi	—	—	—	Tangier	S	13	55
Beirut	C	15	59	Helsinki	R	3	37	Naples	S	12	54	Tehran	—	—	—
Belgrade	F	8	46	H. Kong	R	19	66	New Delhi	S	21	70	Tel Aviv	C	14	57
Berlin	C	13	55	Innsbruck	S	3	37	New York	C	6	43	Tenerife	F	19	66
Biarritz	F	12	54	Inverness	Sn	1	34	Nice	F	16	61	Tokyo	C	9	48
Blackpool	C	6	43	Istanbul	S	19	66	Oporto	C	10	50	Toronto	C	4	39
Bordeaux	F	10	50	Jersey	S	11	52	Oslo	F	7	45	Tunis	S	17	63
Brussels	C	10	50	Jo'burg	S	30	86	Paris	C	10	50	Valencia	F	12	54
Budapest	D	2	36	Las Palmas	C	18	64	Prague	C	11	52	Venice	C	4	39
B. Aires	C	28	82	Lima	S	27	81	Reykjavik	C	-2	28	Vienna	F	14	57
Cairo	C	17	63	Lisbon	Fg	9	48	Rio de J'o	C	29	84	Warsaw	C	7	45
Cape Town	—	—	—	Locarno	Fg	4	39	Rome	S	15	59	Zurich	F	9	48
Caracas	R	27	81	London	R	11	52								
Casablanca	C	15	59	Los Angeles	S	24	75								
Copenhagen	R	9	48	Luxembourg	C	8	46								
Corfu	S	17	63	Madrid	S	5	41								
Dublin	S	5	41	Majorca	F	14	57								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Arosa (Sw)	50– 70 cm	Worn patches on some slopes.
Avoriaz (Fr)	65–110 cm	Heavy slushy conditions.
Ischgl (Aus)	10– 70 cm	Worn patches on lower slopes.
Isola 2000 (Fr)	90–120 cm	Slush on lower slopes.
St Anton (Aus)	5–130 cm	Good skiing above 1800 meters.
St Moritz (Sw)	40–140 cm	Hard snow on most pistes.
Seefeld (Aus)	10– 15 cm	Ice and slush on some runs.
Verbier (Sw)	10–110 cm	Good skiing above 2200 meters.
Wengen (Sw)	5– 40 cm	Upper bare and icy patches.

European reports from Ski Club of Great Britain representatives.

THE U.S.

Squaw Valley (Cal.)	60–108 ins	Manmade packed powder.
Hunter (NY)	6– 53 ins	Powder high. Manmade lower.
Aspen (Col)	16– 26 ins	Hard packed.

Figures indicate snow base at lower and top stations.

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FINANCIAL TIMES
Friday January 7 1983

Crisis deepens for French paper mills in wake of closure

BY DAVID HOUSEGO IN PARIS

THE mounting difficulties of the French paper industry have been underscored over the past week by the shutdown of one major pulp plant and the likely closure of another.

Cellulose de Strasbourg, which has been losing FFr 20m ($3m) a year, ceased production on January 1 with the expiry of a two-year management contract with the American group, Parsons and Whitmore. Some 1500 people backed by a large number of heavy lorries blocked the streets of Strasbourg yesterday, protesting against the closure of the plant and the loss of 360 jobs.

The shutdown followed the failure of the Government and the regional authorities to agree on terms of fresh investment of between FFr 50–100m in the plant.

Also yesterday, the Papeterie de Pont-Sainto-Maxence, a subsidiary of Modo, the Swedish paper manufacturer, announced that it did not intend to take over Cellulose d'Alizay, the pulp plant west of Paris, when its year-long management contract expires at the end of February.

The group said that investment costs were far higher than it had anticipated, requiring FFr 400m to modernise the plant and expand pulp production from 140,000 tonnes to 170,000 tonnes a year. It said that it was prepared to continue to provide management and know-how, but that it could not finance new investment.

Both Cellulose de Strasbourg and Cellulose d'Alizay were part of the Groupement Européen de la Cellulose (GEC), which broke up under the weight of its financial problems in 1980. The group, put together with state financial aid in a bid to curb pulp imports, was reckoned to be the largest company in the European industry.

The seeming collapse of the two former units of GEC comes when the Government is still undecided over whether to pump FFr 2bn of investment into a rescue operation for Chapelle d'Arblay, France's largest newsprint manufacturer.

A meeting is to be held at the Prime Minister's office on January 15 to discuss Chapelle d'Arblay's future in the light of an overall plan for the paper-wood sector.

The Government is studying the problem in the light of three criteria: the impact on the balance of payments, employment and financing. In principle, it has decided to maintain the integrity of Chapelle d'Arblay in which Modo was, at one time, interested in taking over one of the manufacturing units.

France's trade deficit in wood and paper products rose sharply from FFr 11bn in 1980 to FFr 15bn last year. The Government's priority of reducing the country's overall trade deficit and the fact that France has the largest forest area within the EEC, has tempted it towards ambitious proposals for rejuvenating the paper industry.

Burda to buy 24.9% stake in Axel Springer

BY STEWART FLEMING IN FRANKFURT

TWO of West Germany's leading publishing houses, the Burda group and the Axel Springer Verlag, have announced that they do not intend to press ahead with attempts to merge their interests. Instead, it is planned that Burda will take a 24.9 per cent stake in the Springer concern which will keep the transaction outside the direct scope of the Federal Cartel Office.

It had become clear in recent weeks that the two concerns would not be able to secure from the Federal Government the special permission they would have required for Burda to take a 26 per cent holding in Springer.

The Federal Cartel Office had opposed a merger of the two companies and only with Government approval could that ruling be overcome.

The two companies have indicated that they remain interested in broader co-operation but because of the Cartel Office position this cannot be effected. They have withdrawn their request for Ministerial permission for Burda to take a bigger holding in Springer.

Ireland expected to reduce borrowing

By Peter Montagnon in London

IRELAND is expected to scale down its borrowing needs from international capital markets this year after another year of relatively heavy borrowing in 1982, bankers in Dublin believe.

Last year the country's outstanding foreign debt again jumped sharply. Outstanding debt at the end of 1982 stood at between I£5.2bn ($3.66bn) and I£5.3bn, compared with I£3.8bn a year earlier.

This year has started with a carry-over of I£330m of unused borrowing arranged in 1982 which will be sufficient to cover all debt repayments scheduled for 1983. Subsequent borrowing will be needed only to cover the current account balance of payments deficit which is forecast to fall to between I£700m and I£900m in 1983 from around I£1.1bn in 1982.

Ireland has made a start with this new borrowing. This month it is arranging a DM 75m private placement in Germany through Westdeutsche Landesbank and a Y50bn, 10-year Samurai bond in Japan.

To obtain the high amount and long maturity on the Japanese issue, Ireland has been compelled to seek an international rating of its debt for the first time. The Japan Bond Rating Agency has awarded it an AA status which is disappointing for a sovereign borrower that is also an EEC member. Ireland has not, however, sought ratings from the more widely quoted U.S. rating agencies.

The two operations at the start of the year characterise Ireland's current borrowing strategy. It continues to prefer borrowing in the bond, rather than the credit markets and likes to keep a high proportion of its borrowing in D-Marks which made up 57 per cent of last year's new borrowing.

Some bankers believe it may later approach the Eurocredit market for a fairly sizeable credit which could for the first time involve borrowing at a margin over U.S. prime.

MIDLAND SET TO COMPLETE INVESTMENT IN CALIFORNIAN BANK

Crocker faces up to new banking era

BY RICHARD LAMBERT IN NEW YORK

IN A WEEK'S time, Midland Bank of the UK will be buying another $112.5m worth of new shares in Crocker National of California, the 11th largest U.S. bank. That will take its shareholding up to 57 per cent and complete the $820m investment which was first negotiated in the summer of 1980.

These are early days, but it looks as though Midland is in for a long struggle to justify this investment. Since 1980, the profitability of the West Coast banks in general, and of Crocker in particular, has deteriorated sharply.

Mr John Place, the bank's recently appointed chairman and chief executive admits that the current return on assets is little more than half of the 0.6 per cent or so it should be.

Crocker's shares are languishing at around $27 – less than half book value, and well below the market level in 1980 when Midland announced its plans for a partial tender offer and an injection of nearly $500m of new equity.

Its present stock market value is under $520m, way below what Midland has paid, merely for voting control.

In addition to short-term trading problems, fundamental changes in U.S. banking practices have transformed the rules of the game since Midland came on the scene.

Crocker, like other U.S. banks with big branch networks, is facing much increased competition from other institutions which have lower overheads and can afford to pay higher rates to attract new business.

In 1981 alone, Crocker saw around $700m of core deposits dribble out of its checking and passbook savings accounts, mainly to unregulated financial intermediaries, like the money market funds.

In the words of one senior executive: "We have not until the most recent year or so properly coped with the transition from the old fashioned bank, with the old fashioned California delivery system, into what we have to be.

"So we are now in that embarrassing midpoint where we still have those large branch networks, we still have those high operating expenses, and we are at the same time paying more for our deposits."

Crocker's problems are not unique. In a recent study, the Federal Reserve Bank of San Francisco pointed out that a heavy concentration in fixed rate assets, combined with the rising cost of consumer deposits, had squeezed many of the Western banks since 1980, at a time when the growth in their assets had started to slip below the national average.

They had suffered as a result of their relatively large exposure to retail business and to property lending, which accounts for nearly two fifths of their total loan portfolio, compared with a national average of about 30 per cent.

Crocker pushed aggressively into the property market during the latter part of the 1970's, and by the end of September real estate lending accounted for a large chunk of its $780m of non-performing loans.

The bank's earnings of $2.72 per share in the first nine months of this year would have been $1.51 higher, but for the cost of carrying these unproductive assets.

So it is proving to be a tough baptism for Mr John Place, 56, who joined the bank in 1978 after a 25-year career with Chase Manhattan and a seven-year spell at the top of the Anaconda company.

In a recent interview, he said that Crocker's current return on average assets – just 0.31 per cent in the first nine months of this year – ought to be nearer 0.6 per cent, and he described the bank's plans to improve its profitability.

The immediate problems are the real estate loans – without them Crocker's non-performing loans would compare reasonably well with the other major banks – and the comparatively high level of non-interest expenses.

Crocker also has just over $1bn of outstandings in Argentina and Mexico, but according to its latest financial statement, it believes "it will ultimately suffer no material adverse effect" as a result of this exposure.

"We expect very little lost content on the property loans," Mr Place said. But they were a financing burden, and there would be a big effort in 1983 to reduce the real estate commitments.

On the expense side, Crocker imposed a hiring freeze on October

For the longer term, major changes are planned in the bank's branch network, which currently numbers about 380 outlets. "The day of having huge mausoleums out there delivering product is just plain gone," Mr Place explained. "The low cost deposits are going away, and you have got to find a way to deliver the service more efficiently without the huge investment in plant."

Branches are being reduced in size and in some cases will be replaced by electronic outlets. The new equity from Midland is playing an important part in financing the substantial investment involved in modernising the network.

In addition, Crocker is in the middle of a major reorganisation under which it is being split into three market-focussed business groups, serving the consumer, the so-called middle market, and the large wholesale customers.

Collapse of Magnum leaves S. African banks in dispute

BY BERNARD SIMON IN JOHANNESBURG

SEVERAL South African banks have become embroiled in a series of potentially damaging disputes in the wake of the collapse last month of the Magnum Group, an assortment of commercial and financial service companies and cash shells.

Magnum's tangled affairs are being investigated in secret by a commission of inquiry set up in terms of the Companies Act. Its findings, if published, are expected to have far-reaching repercussions in the local business community, including the possibility of criminal proceedings.

A Reserve Bank official confirmed yesterday that Standard Bank Investment Corporation, a Standard Chartered subsidiary, has made an approach to the authorities for the suspension of another bank, the South African Bank of Athens, from the bank's clearing system.

Bank of Athens, with assets of R54m ($50.6m), is controlled by the National Bank of Greece. It has figured prominently in the Magnum affair. One of its former senior executives has been arraigned on fraud charges.

Standard Bank's approach to the Reserve Bank follows a legal claim by one of its subsidiaries, Standard Building Society, against Bank of Athens. The R3m claim arises from Bank of Athens' refusal to repay a deposit by the building society.

The Reserve Bank, which supervises the banks' clearing house, has so far refused to take sides. The official said: "We have no reason to intervene." Standard is understood, however, to have canvassed other banks for support.

Mr A.P. Philippides, Bank of Athens' chief executive, said the bank "will continue its activities as normal." Its resources have been boosted by a R10m deposit from National Bank of Greece.

In addition, an unidentified local bank has agreed to issue guarantees, backed by the National Bank of Greece, for funds claimed from the Bank of Athens in connection with the Magnum collapse.

Meanwhile, Union Acceptances Limited (UAL), one of South Africa's largest merchant banks and part of the Nedbank group, has been strongly criticised for its alleged failure to protect the interests of minority shareholders in a Magnum subsidiary, Javcor.

UAL assured Javcor minorities and the Johannesburg Stock exchange committee several times that Magnum would make an offer to minority shareholders, following its acquisition of a controlling interest in Javcor last July.

But no such bid was made before Javcor's liquidation. It has since transpired that Magnum stripped Javcor of almost all its assets.

Witter to pay refunds after Millicom losses

DEAN WITTER Reynolds, the U.S. securities house, owned by Sears Roebuck, is to reimburse customers who took losses on Millicom, a U.S. maker of cellular radios whose stock nose-dived after having been recommended by Dean Witter brokers.

Witter officials stress that the refunds were prompted by unusual circumstances, and that the firm is not prepared to protect customers from losses on every investment.

On December 21, Dean Witter analysts began recommending the thinly traded, over-the-counter stock on its internal communications system.

Millicom shares already had experienced a brisk run-up as a result of a contract in the UK. Dean Witter's recommendation fueled a further jump to $22 from $19.50 a share.

However, it was soon discovered that Millicom stock could not be sold in several U.S. states where they had not yet been approved, and with buy-orders from Dean Witter drying up, the stock price dived from a high $22 to $15.50 a share.

At that point, investors who had been coaxed into buying the stock began to express their alarm. Some unloaded their shares at a loss.

After several days, Dean Witter decided that it was responsible for the boomerang effect of the stock, and that the firm should make it up to any customers who lost money.

Mr Robert M. Gardiner, Dean Witter's chairman wrote branch managers: "Since we value the good will of all our clients, we have decided to make good the losses of all those who purchased Millicom stock during the period from December 21 1982, through December 28, 1982.

In closing the letter to branch managers, Mr Gardiner said that the firm still believes the stock is "an attractive long-term investment." The stock price has crept upward from the lows of $15.50, but remains below the $22 peak brought about by Dean Witter's recommendation. AP-DJ

INTL. COMPANIES and FINANCE

Kyowa Hakko in $40m Eurobond

By Alan Friedman in London

KYOWA HAKKO, a Japanese pharmaceuticals company, yesterday launched the first Japanese convertible bond of 1983 in the Eurodollar sector, a $40m 15-year deal led by Yamaichi Securities, Industrial Bank of Japan and Schroder Wagg.

Because of the strengthening of the yen and the Tokyo equity market, investors in Switzerland have been happy to buy Japanese convertibles for several weeks. In the dollar sector, yesterday's Kyowa Hakko bond was trading at a premium of 102¼ to 103¼ and selling well.

The Kyowa Hakko coupon is indicated at 6½ to 6¾ per cent and the conversion premium will be around 5 per cent. The company's Tokyo share price last night was Y725, against a 12-month high of Y750 and a low of Y508.

The Eurodollar sector was not very busy in secondary trading, but the New Year's balance of orders remain "buys" rather than "sells". The new Time bonds, with a tight 10¾ per cent coupon, are selling slowly at a 1¼ per cent discount. Nova Scotia's new 11⅞ per cent 15-year issue, at a 1½ per cent discount, is shunned by some investors put off by the long maturity.

The Euro D-Mark and Swiss franc bond sectors both closed unchanged last night after moderate trading activity. A Swfr 100m 10-year issue is on offer for Nippon Kokan, the Japanese steelmaker, through Union Bank of Switzerland. The yield is indicated at 5⅞ per cent.

A Swfr 100m private placement is being arranged for South Africa's Transport Services (SATs).

New securities house planned

SEVERAL U.S. and UK-based employees of Dean Witter Reynolds are resigning to form a new securities house to be led by Mr Gary Klesch, former president of Dean Witter's London branch.

Mr Mike Thompson, managing director of Dean Witter's Eurobond operation, said last night he had resigned to join Mr Klesch. He said the new company was being formed and would be capitalised at $10m.

Mr Thompson said that several Dean Witter employees would be joining himself and Mr Klesch. Among those who had already resigned were Mr "Con" Keating, head of bond sales in New York, and Mr Steve Howard, a London bond salesman.

Rise in yen value helps Tokyo stocks to record

BY JUREK MARTIN IN TOKYO

THE TOKYO stock exchange traditionally goes up on the last trading day of the old year. The practice is known as an end of the year present, but it is often quite modest. This time, however, the spirit of giving appears to have become quite profligate.

Yesterday the 225 stock Nikkei-Dow Jones Average gained another Y54.36 to close at Y8,120.51, comfortably exceeding the all-time high set on Wednesday. Having flirted with, but coyly retreated from, the record early in December, the market has now risen for eight consecutive days.

Volume, typically modest over the holiday period, rose yesterday to 830m shares, well above Wednesday's 473m and the largest daily turnover since August 21 last year. More than once in the current bullish phase the Tokyo market has gone up after New York has gone down the previous day. Normally, it follows New York like an acolyte.

The balance of opinion here is leaning heavily towards further advances, perhaps to the Y9,000-10,000 range in the course of the year and to Y8,500 in the shorter term. There are, of course, sceptics who point out that not all the technical and general omens are favourable: potentially unstable margin purchases are close to an all-time high while the frequently unsettling prospect of a general election this year looms ever larger.

But countering this is a multitude of factors. The most prevalent is the sense that interest rates in the U.S. and Japan are still heading downwards.

There is a near universal expectation that the Japanese discount rate will be cut, probably to 5 per cent from the present 5.5 per cent, later this month, with January 14 freely being bandied around as the most likely date. Long-term Japanese bond rates this week have been edging down to the 7 per cent level.

The rise in the value of the yen, by nearly 18 per cent against the dollar since the start of November, is proving a powerful lure to foreign investors.

They began returning to Japan in droves in September and assumed division strength in November, when net foreign buying of Japanese stocks and bonds exceeded $800m. The pace slackened a little in December, though this may have been accounted for by the holiday lull.

Nevertheless, there is plenty of evidence that major foreign investors, led by the U.S. pension funds, are earmarking substantial parts of their portfolios to Japanese securities.

Given that international markets are liquid at present, this could constitute a continued inflow. This could, of course, be reversed by a collapse in the value of the yen, as occurred last year. All logic, however, is pointing towards a weaker dollar in the year ahead.

Less well documented, though strongly suspected, is a marked shift of funds from Hong Kong because of the Colony's uncertain political and economic future. As the world's second largest market behind New York, Tokyo has been in a position to welcome the diversions.

Generally, the stocks attracting interest are predictable: high technology and electronics issues have been leading the latest advance, reflecting Japan's perceived industrial strong suit. But the rise in the yen's value has done wonders for the shares of the country's previously depressed oil refining sector.

Some Japanese stocks have attracted special interest – and some foreign investors have burned their fingers. Nippon Chemiphar, the drug company, was a particularly favourite until it became known it had falsified test data to secure official certification of some of its products. The company is now in a state of suspension.

Equally intriguing is the boom in the shares of Keisei Electric Railway, a chronically loss-ridden operator of suburban Tokyo trains which happens to own half the equity in Tokyo Disneyland, considered a sure money spinner when it opens its doors in April.

Although foreign institutions appear to have rediscovered Japan with a vengeance, their domestic counterparts are still staying on the sidelines for the most part. This they did for much of last year, even after the market turned up in the early autumn on the heels of Wall Street.

They may retain their caution for a while. In a country which reveres tradition, it must be pointed out that the spring equinox is traditionally considered a low point for the market, just as the end of the year normally heralds a rally.

Most such old sayings have as much validity as the hemline theory, but there may be something fundamentally correct behind it in 1983. For it is not until midyear that the economy, in Japan and the U.S., if not in Europe, is expected to generate a little head of steam.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 6.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	150	118⅛	118⅝	+0⅛	+1¼	11.80
Amex O/S Fin 14¼ 89	75	107	107½	+0¼	+0⅝	12.48
Amro Bank 13 89	200	108⅜	108⅞	+0¼	+1	11.88
BHP Finance 14¼ 89	150	107¾	108⅛	0	+2½	12.82
Bk America NT&SA 12 87	200	104⅛	104⅝	+0⅛	+1⅛	10.88
Bk Montreal 14½ 87	100	106¾	107¼	+0½	+1⅛	12.25
British Col Hyd 14¾ 89	200	110	110½	+0⅛	+0⅞	12.28
British Col Hyd 15¼ 92	150	114⅛	114⅝	0	+0⅞	12.50
Canada 14⅞ 87	750	110⅝	111⅛	+0⅛	+0½	11.08
Canadair Ltd 12½ 89	175	104⅜	104⅞	0	+1¼	11.47
Canadian Wheat 11¾ 90	50	99¾	99⅝	+0⅛	+0½	11.41
Can Pac Sec 14⅝ 92	75	107¼	107¾	+0¼	+0⅝	13.15
Can Pac Sec 15 89	75	108	108½	0	+0⅛	13.43
Citicorp O/S 15 84/92	100	105⅞	106⅜	0	+0⅜	9.96
Coca Cola Int 11¾ 89	100	106	106½	+0⅛	+1¼	10.38
Credit Suisse 10½ 89	100	101⅜	101⅞	+0¼	+0¼	10.15
Deutsche Bk Fin 14⅛ 88	300	108⅜	108⅞	+0⅛	+1	12.12
Du Pont 11¼ 95	150	101⅛	101⅝	+0⅛	+2⅝	11.04
Du Pont 14⅛ 89 WW	200	107½	108	0	+0⅜	12.31
E.D.C. 10¾ 88	100	99⅜	99⅞	0	+0⅜	11.00
E.D.F. 12¾ 87	150	102⅞	103⅜	0	+0½	11.85
E.I.B. 15½ 92	100	110⅞	111⅜	-0⅛	+0⅜	13.32
Exportfinans 14½ 89	50	106½	107	+0⅜	+1	12.83
Exp Dev Corp 11¾ 87	100	101¾	102¼	-0⅛	+0⅜	11.13
Forsmarks 13¾ 92	75	103⅜	104⅛	0	+0¼	13.00
Gaz de France 12¼ 93	175	19½	20	+0⅛	+0⅜	12.27
Gen Elec Credit 12 89	100	106⅛	106⅝	0	+0⅜	10.80
Getty Oil Int 14 89	125	108¼	108¾	+0½	+1	11.97
GMAC O/S Fin 15 87	100	108¼	108¾	+0¼	+1	12.30
GMAC O/S Fin 15 89	125	109	109½	+0⅛	+1⅜	12.74
Gulf Oil Fin 12¾ 87	100	104⅜	104⅞	0	+0⅜	10.91
IBM World Trade 12¼ 92	200	107½	108	+0⅛	+2⅛	10.90
Manitoba Prov 11¾ 89	125	104	104½	+0⅛	+1⅞	10.82
Manitoba Prov 13¾ 89	100	107½	108	+0¼	+1⅞	11.97
Midland Int Fin 11½ 92	150	99½	100	0	+0⅜	11.63
Nat West Fin 11¾ 92	150	100⅞	101⅜	0	+0⅜	11.54
New Brunswick 15¼ 87	75	110⅛	110⅝	+0⅞	+1	12.10
Newfoundland 15½ 90	75	110¼	110¾	+0¼	+1	13.18
Nova Scotia Prv 15¼ 89	75	112½	113	+0⅜	+1	12.28
Ontario Hydro 12¾ 92	200	106⅝	106⅞	+0¼	+1⅞	11.58
Ontario Hydro 14¾ 89	150	110⅞	111⅛	+0⅛	+0⅞	12.12
Ontario Hydro 15 92	150	114	114½	+0⅛	+1½	12.34
Phillips Petrol 14 89	200	107⅜	107⅞	0	+0⅜	12.16
Prudential O/S 12¾ 87	150	105⅝	106⅛	0	+0⅜	11.03
Quebec Hydro 11½ 92 D	100	98½	99	+0⅛	+0⅜	11.71
R. J. Reynolds 12¾ 89	100	105	105½	0	+0⅞	11.56
Saskatchewan Prov 15 92	150	112⅞	113¼	+0½	+1⅞	12.56
Shell Canada 14⅞ 92	125	108	108½	+0¼	+0⅞	12.78
Superior O/S Fin 14 89	125	107⅛	107⅝	0	+0⅜	12.23
Swed Exp Credit 14⅞ 90	100	107¼	107¾	+0¼	+1	13.08
Texas Eastern 15⅜ 89	80†	109⅝	110⅛	0	+0½	13.28
U.B.S. 10⅝ 87	200	103½	104	-0⅛	+0⅜	9.73
U.B.S. 11 89	150	103⅝	104⅛	-0⅛	+0½	10.15
Walt Disney Pro 12½ 86	75	100⅝	101⅛	-0⅛	+0⅜	11.17
World Bank 10⅞ 90	200	98½	99	0	+1⅜	11.14
World Bank 11¼ 90	100	99⅜	99⅞	0	+1	11.32
World Bank 13⅛ 87	300	106⅝	106⅞	-0⅛	+0⅜	11.40

Av. price changes: on day +⅛, on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	101⅛	101⅝	+0⅜	+0⅜	8.04
Asian Dev Bank 8¼ 92	150	100	100½	+0¼	+0⅜	8.21
Asian Dev Bank 9¼ 92 (AG)	150	105	105⅜	+0⅜	+0⅜	8.40
Australia 7⅜ 92	200	104⅞	105½	+0⅛	+0⅝	7.81
Bayer Capital 7⅝ 89	150	101⅛	101⅝	0	0	7.36
Beecham Fin 8⅛ 92	125	102⅞	103⅛	-0¼	-0½	7.70
Black & Decker 8⅝ 89	100	105⅝	106⅛	0	-0⅛	7.99
Bowater Int Fin 8½ 89	50	101¾	102¼	0	-0⅛	8.05
Caisse Nat Tele 9½ 92	100	105⅞	106⅜	0	0	8.50
E.C.S.C. 8 94	200	102⅞	103⅛	+0¼	+0⅜	7.63
E.E.C. 8 94	200	102	102½	0	-0⅜	7.80
E.I.B. 8⅜ 92	200	102½	103⅛	+0½	-0¼	7.79
GKN 8⅜ 89	100	98⅝	99⅛	0	0	8.61
Gould Int Fin 8¼ 89	75	102⅜	102⅞	+0⅛	-0⅜	7.74
Ireland 8⅞ 91	150	98⅝	99⅛	+0⅜	+0⅜	9.12
ITT Antilles 8¼ 92	100	106⅞	107½	0	0	8.14
Mitsubishi Heavy 7⅜ 87	150	100⅝	101⅛	+0⅛	0	7.40
Norsk Hydro 8½ 92	100	106⅝	107	-0⅛	+0⅛	7.48
Norsk Hydro 9 92	100	106⅝	107⅛	+0¼	+0⅛	7.96
O.K.B. 8⅜ 89	100	104⅞	105⅛	+0¼	+1⅛	7.51
Philips Lamps 8½ 92	100	106⅝	107⅛	0	+0⅛	7.43
Tenneco Int 8 92	100	100⅝	100⅞	+0⅛	-0¼	8.00
World Bank 8⅛ 92	200	103	103½	+0¼	0	7.76
World Bank 8 92	200	106⅝	107⅛	+0¼	+0½	7.90

Av. price changes: on day +⅛, on week +¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austrian Elec 6⅜ 92	100	104½	104¾	-0½	-0⅛	6.10
B.F.C.E. 6⅛ 92	100	102⅞	103	+0⅜	+2¼	5.85
City of Oslo 6¼ 92	100	105⅝	106	+0⅛	-0⅛	5.48
E.E.C. 6⅛ 92	100	104½	104¾	+0¼	+0¼	5.62
E.I.B. 6⅜ 92	100	104	104¼	+0⅜	+1¼	5.80
Elec de France 6⅜ 92	100	104⅞	105⅛	-0½	-1⅛	6.17
Elec Power Dev 6½ 92	100	100	100¼	-0½	+0½	5.88
Europarat 6¼ 92	100	104⅛	104⅜	-0½	-0⅜	6.10
Ind Bk Japan 6¼ 92	100	103⅛	103⅜	-0⅜	0	5.80
Japan Air Lines 6 94	100	104⅞	105	-0⅛	+0½	5.43
Kawasaki Steel 6½ 92	100	103¼	103½	+0⅜	+1⅛	6.03
KLM Dutch Air 6¼ 92	80	104½	104¾	-0½	+1	5.62
Koe Oil Co 7 92	75	105⅛	105⅜	-0⅛	-0⅛	6.26
Mont Blanc Tun 7⅛ 92	70	105½	105¾	+0¼	+1⅛	6.32
Montreal Urban 6⅞ 92	100	104⅞	105	-0⅛	+0½	6.03
New Zealand 5⅜ 92	100	102	102¼	0	+0⅜	4.97
Norges Kommunalb 6⅝ 92	100	105½	105¾	+0⅜	-0⅛	5.40
Philip Morris 5¼ 92	100	103⅞	104	+0⅛	+1⅝	4.76
Philips Lamps 5⅜ 92	100	104⅛	104½	+0⅛	+1	5.77
Sumitomo Metal 6⅝ 92	100	103	103¼	-0½	-0⅛	6.30
Swed Exp Cred 7½ 91	100	104⅞	105	-0⅜	-0⅛	6.40
Sweden Kingdom 5½ 92	100	100⅞	101	-0⅛	+1	5.76
TNT O/S Fin 6⅞ 92	100	103¼	103½	-0⅛	+0⅜	6.30
Tokyo Elec Power 5⅞ 92	100	102⅝	102⅞	-0⅜	+1⅞	5.50
Tokyo Metropolis 5⅜ 92	100	100⅞	101	+0⅛	+0⅛	5.20
World Bank 6¼ 92	100	104½	104⅝	-0½	+0⅜	5.62

Av. price changes: on day -⅛, on week +½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	107⅞	108⅛	+0⅛	+1	7.47
E.I.B. 8¼ 92	15	104	104⅜	+0⅛	+1	7.57
Japan Airlines 7½ 87	9†	102½	103	+0⅛	+1⅛	7.88
New Zealand 8⅞ 87	15	106¾	107¼	+0⅜	+1½	6.72
World Bank 8⅝ 92	20	106	106½	0	+2⅜	7.38

Av. price changes: on day +⅛, on week +1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Can Tel 17½ 89 C$	50†	113½	114	+0½	+1⅛	13.55
Can Utilities 17 87 C$	35†	113	114	+0¼	+0½	12.86
Gaz de France 15 89 C$	75†	105⅝	106⅛	+0¼	+2	13.57
Gaz Metro 17⅜ 90 C$	20†	109	110	0	+0⅜	15.05
O.K.B. 16⅛ 88 C$	63†	110½	111	+0⅛	+1⅞	13.20
Quebec Hydro 14 92 C$	80†	107¾	108⅛	+0¼	+1⅛	12.52
Univ Quebec 16⅝ 87 C$	17†	104	104½	0	0	15.18
E.I.B. 12⅞ 90 Ecu	60	105¼	106⅛	+0½	+0⅜	11.09
Amfas 9½ 87 Fl	60	106⅝	108⅛	0	+0½	7.87
Amro Bank 9½ 87 Fl	100	106¼	106¾	0	+0⅜	7.36
Neder Middb 9¾ 87 Fl	100	106⅞	107⅜	0	+0⅜	7.47
Nedlloyd Grp 10⅛ 87 Fl	75	109	109½	-0⅛	+0⅜	7.87
Van Lanschot 10⅛ 87 Fl	50	107⅞	108⅛	+0⅛	-0⅛	8.17
World Bank 10 87 Fl	100	109¼	109¾	0	+0½	7.53
O.K.B. 14 86 FF	400	97⅜	98⅛	+0¼	+0⅞	14.86
Solvay & Cie 14¾ 86 FF	200	96¾	97¾	0	+0⅜	15.70
B.F.C.E. 14½ 87 £	30	106½	107½	-0⅛	0	12.31
B.N.P. 13½ 91 £	15	101⅞	102¾	0	0	13.00
C.E.C.A. 13½ 88 £	20	102⅞	103⅞	-0⅛	-0¼	12.74
C.N.T. 12½ 89 £	20	100¼	101¼	+0⅛	+0¼	12.30
Fin For Ind 12¼ 88 £	30	101⅜	102⅜	-0⅛	+0⅜	11.76
Fin Mat Ocean 12⅞ 92 £	30	23⅞	24⅛	-0½	-0⅜	12.80
Gen Elec Co 12½ 89 £	50	102¼	103¼	0	0	11.83
Hiram Walker 14⅛ 86 £	25	104⅞	105⅞	-0¼	-0⅛	12.10
Mort Bk Fin 11⅞ 89 £	15	23½	24½	0	-0½	13.23
Norsk Hydro 14½ 87 £	30	106¼	107¼	-0⅜	-0¼	12.39
Quebec 14½ 89 £	30	105⅛	106⅛	0	+0¼	13.13
Quebec 15½ 87 £	35	107⅞	108⅞	-0⅛	-0⅜	12.77
S.D.R. France 15½ 92 £	30	105¼	106¼	-0¼	-0⅛	14.30
S.N.C.F. 11½ 88 £	30	20⅝	21⅝	0	-0⅜	12.47
Tenneco Int 14⅜ 87 £	30	104	105	-0⅛	-0⅛	13.31
World Bank 11⅝ 91 £	75	25	26	0	+0⅜	12.34
Eurofima 10½ 87 LuxFr	500	99¾	100¾	0	+0⅜	10.41
Europarat 12½ 92 LuxFr	500	104⅛	105⅛	0	+0⅛	11.58

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	95	95½	15/4	10⅝	10.81
Bank of Tokyo 5¼ 91 (D)	0⅛	99½	100	10/6	9⅝	9.77
Bank Nova Scotia 5¼ 93	0⅛	98⅞	99⅜	20/4	10½	10.54
B.F.C.E. 5¼ 88	0⅛	99½	100	20/4	10.69	10.71
B.F.C.E. 5¼ 87	0⅛	99¼	99½	27/1	14	14.09
Caisse Nat Tele 5¼ 90	0⅛	99⅞	99⅞	21/4	10.56	10.60
C.C.C.E. 5¼ 2002	0⅜	98⅞	99⅜	11/3	9⅝	10.01
Copene 5¼ 92	0⅛	99½	100	10/6	9.94	9.96
Chemical NY 5¼ 94 ††	0⅛	99⅝	100⅛	23/3	9.94	9.95
Credit Agricole 5¼ 97	0⅛	99¾	100¼	24/3	12⅞	12.88
Credit du Nord 5¼ 92	0⅛	99¼	99¾	23/6	10⅛	10.10
Credit Lyonnais 5¼ 97	0⅛	99⅝	100⅛	1/4	12.10	12.20
Credit Lyonnais 5¼ 94	0⅛	99½	100	5/7	9⅝	9.77
Credit Nat 5⅞ 94 ††	0⅛	99½	100	9/3	12.10	12.21
Kansallis Osake 5½ 92	0⅛	99⅝	100⅛	6/5	10.06	10.06
Lloyds Eurofin 5¼ 93 §	0⅛	99¾	100¼	20/4	10.56	10.56
Long Term Cred 5¼ 92	0⅛	99⅝	100	27/5	10⅛	10.14
J.P. Morgan 5¼ 97 §	0¼	100	100½	14/2	10.06	10.04
Nat West Fin 5¼ 91 §	0⅛	99⅞	100⅜	15/1	15¼	15.23
New Zealand 5¼ 87	0⅛	100¼	100¾	7/4	12½	12.44
Nippon Credit 5¼ 90	0⅛	99⅞	100⅜	10/2	13⅝	13.56
Offshore Mining 5¼ 91	0⅛	99⅞	100⅜	2/6	10.44	10.42
PKbanken 5 91	0⅛	100	100½	17/6	10	9.98
Scotland Int 5¼ 92	0⅛	99⅝	100⅛	23/3	13⅛	13.25
Sec Pacific 5¼ 91	0⅛	99⅞	100⅜	24/5	10.06	10.05
Société Générale 5¼ 95	0⅛	99⅝	100⅛	1/3	12.81	12.83
Standard Chart 5¼ 91	0⅛	100	100½	10/5	10.09	10.08
Sweden 5¼ 89	0⅛	99⅛	99⅝	28/2	11.81	11.89
Toronto Domin'n 5¼ 92	0⅛	99¼	99¾	11/2	14.31	14.38

Av. price changes: on day 0, on week -⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	90⅝	92⅛	+0¼	1.36
Bridgestone Tire 5½ 96	3/82	470	101⅞	103⅛	-0⅛	-1.32
Canon 7 97	7/82	748.2	103	105	-1	2.49
Chugai Pharm 7¼ 96	7/82	708.6	104½	106½	-2½	-1.63
Fujitsu Fanuc 4¼ 96	10/81	5614	98⅞	100⅞	-1½	11.21
Hitachi Cable 5⅜ 96	2/82	515	98⅞	100⅜	-0½	-0.29
Hitachi Credit Corp 5 96	7/81	1612	91	92¼	+0⅜	15.93
Honda Motor 5½ 97	3/82	835.6	127⅜	128⅛	-0⅜	4.32
Kawasaki 5⅛ 96	9/81	229	73⅞	75⅛	+0⅜	22.96
Kumagai Gumi 6½ 97	10/82	400	112¼	113⅜	+2⅜	1.73
Marui 6 96	7/81	846.4	121½	122⅞	+2⅛	4.94
Minolta Camera 5 96	10/81	826.4	74⅞	76⅛	-0⅜	35.81
Minorco 5⅞ 97 †	5/82	8.10	144	146	+3	3.72
Murata 5¼ 96	7/81	1071	94⅞	96⅛	-0⅛	12.06
NKK 6½ 96	7/81	180	81½	83	+1⅛	21.03
Nippon Electric 5¼ 97	2/82	804.2	121⅞	123⅛	-2⅜	2.78
Olympus Optical 6⅜ 97	12/82	1331	110	111½	-1	-0.36
Orient Finance 5¼ 97	3/82	1205	105	106½	-4⅛	-5.08
Sanyo Electric 5 96	10/81	652	87⅛	88⅝	-0⅜	21.24
Sumitomo Electric 5½ 97	3/82	677.3	97⅜	98⅞	+0⅛	4.48
Sumitomo Metal 5¼ 96	10/81	296.1	72	73½	+1	26.46
Olympus Opt 4½ 92 SF	12/82	1331	109⅛	111⅛	0	10.28
Konishiroku 6⅛ 92 DM	6/82	616	107⅛	108⅛	+0⅜	5.76
Mitsubishi Heavy 6 89 DM	2/82	263	105⅛	106½	+0½	11.73
Sato Realty 6¼ 92 DM	2/83	366	109⅝	110⅝	+1⅛	8.51

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. C. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

COMMODITIES AND AGRICULTURE

Cocoa market boost

COCOA PRICES on the London futures market reached the highest levels for nine months yesterday with the May position closing £23 up at £1,140.50 a tonne.

Dealers attributed the rise mainly to market talk that Ivory Coast shippers had oversold available supplies. They explained that this was thought to have resulted from substantially reduced crop expectations because of adverse weather, and a sharp cut in the amount of cocoa beans being smuggled in from neighbouring Ghana.

● WEST GERMAN sugar statistics agency F. O. Licht has raised its second estimate of world 1982-83 sugar output to 98.87m tonnes raw value from its first estimate in October of 97.76m. This compares with actual output in 1981-82 of 99.87m tonnes.

● THE BRAZILIAN COFFEE INSTITUTE (IBC) estimates the 1983 coffee harvest at 29.4m bags (60 kilos each) compared with a revised 16.2m in 1982, IBC president Octavio Rainho said.

This is the IBC's first official estimate of the 1983 harvest (1983-84 July-June crop year).

● SOUTH COAST farmers are losing thousands of pounds a day because of an unusually large invasion of Brent geese. The annual migration was causing more damage than usual this year because of the very wet weather, and farmers estimate losses of at least £80 an acre.

● MALTESE farmers have appealed to foreign fruit and vegetable suppliers, particularly in neighbouring Sicily, not to supply the Maltese government with agricultural products. The plea came in response to the government's decision to bring in imported produce in an effort to defeat farmers' protests at price regulation. Farmers have boycotted the central market in Valetta for over a week.

Copper at 16-month high

BY RICHARD MOONEY

A NEW wave of speculative buying lifted London Metal Exchange copper values to new 16-month highs yesterday and many analysts were forecasting further substantial gains. But they tended to hedge their bets by warning that the rise could easily become over-extended and that any sign of resistance to the upward movement could prompt a hefty short-term retracement.

Cash high grade copper ended the day at £959.50 a tonne, up £11, taking the rise on the week so far to £34.25. Dealers attributed yesterday's rise to overnight strength in New York, itself induced by sharp rises in platinum and palladium markets. London free market prices of these two metals rose again in the morning but fell back in the afternoon. Platinum ended the day £2.05 down at £260.80 a troy ounce while palladium finished £0.05 up at £71.25 an ounce.

Rustenburg Platinum Mines yesterday raised its sterling prices for platinum and palladium by £34 to £294 an ounce, and £9.75 to £86.50 an ounce respectively. But it said the increases reflected exchange rate movements and dollar prices were unchanged.

The afternoon slide in platinum and palladium was not reflected on the copper market. After closing at £986.75 a tonne the three months price advanced further in unofficial after-hours trading to £995 a tonne. Most analysts thought chart indications were for the £1,000 level to be penetrated soon and some were looking for a rise to £1,080 in the three-months contract. But a temporary set-back of up to £50 a tonne was not ruled out.

Copper's rise was followed by lead, up £8.50 to £307.75 a tonne for cash; zinc, up £11 to £439.50; and aluminium, up £8.25 to £535.75. Cash tin was only marginally higher at £7,401 a tonne while cash nickel, hit by reports of cheap producer offers of briquettes, closed £45 down at £2,215 a tonne.

● Chilean copper output last year was a record 1.23m tonnes after 1.08m tonnes in 1981, Mining Minister Samuel Lira said, reports Reuter from Santiago.

Output at the four big state-owned mines of Chuquicamata, El Teniente, Salvador and Andina was about 1.03m tonnes, compared with 893,600 tonnes in 1981, he said. Output at privately-owned medium and small scale mines was 200,000 tonnes against 186,000 tonens in 1981.

Sr Lira said $300m in investments are planned in the copper sector this year to increase output.

Egg prices coming down

By Our Commodities Staff

RETAIL PRICES for eggs should be down next week following the announcement of 6p a dozen cuts for all sizes at the wholesale level by Goldenlay, Britain's biggest egg marketing consortium.

But Goldenlay warned that the lower price levels, which it claimed were 10p to 15p below those ruling a year ago, could not last for long.

An official said they resulted from a build-up of supplies over the prolonged Christmas holiday during which shops were closed but the hens carried on laying. In addition, the unusually mild weather is reported to have hit consumption.

Record China grain crop forecast

BY TONY WALKER IN PEKING

WESTERN agricultural officials in Peking are predicting that China's grain crop for 1982 could exceed 340m tonnes, easily beating the old record of 332m tonnes produced in 1979.

They are basing their prediction on grain output figures provided on a province-by-province basis over the past several weeks. China appears to have been particularly successful in its rice production in 1982.

However, these officials don't expect China to cut back significantly on its grain purchases in the coming year. In calendar year 1982, China imported between 15m and 16m tonnes of grain, more than half of that amount from the U.S. under a long-term agreement.

China also had a successful cotton producing year. According to a New China News Agency report at the end of last year, cotton production exceeded 3.3m tonnes, an all-time high. "China no longer needs to import cotton for its textile industry," the agency said.

The main reason for record crops in 1982 appears to have been the introduction of new agricultural policies in the past several years which gave incentives to individual farmers to produce more.

"They've had a very good year. They're ending up with a better rice harvest than expected and wheat is also very good," commented one Western agricultural attache.

China's grain imports have grown from 10.8m tonnes in 1979 to about 16m tonnes last year. Most of the imported grain is supplied to the large cities like Shanghai and Tianjin.

The Chinese rail system is heavily congested and not up to moving large quantities of wheat around the country. It is also the policy of the government to increase living standards in rural areas by encouraging increased grain consumption.

In 1983, the U.S. remained the single biggest grain supplier to China. In total, American grain shipments reached 7.9m tonnes of which 468,000 tonnes was maize. U.S. soyabean shipments totalled 473,000 tonnes.

Other big suppliers were Canada, Argentina, France and Australia. The Canadians supplied 4.2m tonnes, a record amount for them.

A reflection of China's improved cotton production over the past several years was the reduction in cotton imports in marketing year (August-July) 1982-83 compared with 1981-82. It is estimated here by Western officials that in the latest marketing year Chinese cotton imports will be down to about 174,000 tonnes

Swiss farm income up

By John Wicks in Zurich

SWISS farm income rose by some 8.7 per cent last year to an estimated SwFr 8.23bn ($4.2bn), or by about 7.7 per cent in real terms. The nominal increase, the greatest for any year since 1973, was due primarily to a sharp rise in cattle-farming income, as well as expansion in frunit growing and viniculture. This growth more than offset a decline in the cereals crop and a fall in pigmeat prices.

According to the Swiss farmers union in Brugg, farm prices rose by only 0.3 per cent in the 12-month period from October 1981 to October 1982, while costs went up 5.1 per cent. A number of farm price increases were, however, approved by the government in mid-1982.

In the meat sector, slaughterings are expected to have risen by some 5 per cent in calendar 1982.

FARMER'S VIEWPOINT

Assessing the value of straw

FOR THE FIRST time since the great drought of 1976 there is a flying trade for hay and straw. Astronomic prices are quoted: such as £120 per tonne for best hay and up to £80 for barley straw. The top price hay would doubtless go to racehorse stables, where owners cannot afford to count the cost of feeding their expensive investments. But many farmers are also short of hay.

This is to some extent surprising, as this last autumn has been very mild and I for one have not yet fed any hay at all to my sheep because the grass has kept growing. Unless there is a spell of hard weather I shan't have to for some days yet. Last year—1981—I was feeding heavily from early November. Of course the winter is not nearly over yet, and by February I could be getting my stocks down.

The explanation for the sudden shortage of hay was forgotten in the euphoria of a record harvest of almost everything else. But in fact the latter half of June was very wet indeed, and this moisture, while it saved the cereal crops, ruined much of the hay. Fortunately I had obliged a neighbour who thought he had too much hay by buying his first field of 2,000 bales most beautifully made, which will see me through the hardest difficult winter months. The hay I made myself ranges from the just adequate to the mouldy.

I burnt very little straw—the trade for it at harvest time was just good enough to make me keep the matches in my pocket. The buyers, from the West of England, never left me in peace until I let them bale it and take it away.

The appearance of these gentry on the scene is usually a sign that there are shortages of hay and straw further West. I was surprised then to hear about a record harvest almost all over the UK. My experience has been that yields of grain and straw go together, particularly with barley. So perhaps record yield claims are a bit premature.

Although as a consequence of the straw sales I burnt little barley straw, which probably earned me a good mark with the conservationists, I shall undoubtedly burn again unless this year's demand is repeated.

It is true that there is always a need for barley straw in the livestock areas, but its value for feed is very low indeed compared with hay, silage, and cereals. Then even if it is baled for transport, the density of the bales is so low that it is almost impossible to get a worthwhile load on a lorry, so transport costs rule it out of court except at a time of real shortage.

Its main feed use is a sort of filler for cattle, to balance more concentrated feed. Years ago I used to feed a lot of oat straw, but this was in the days when binders were used and the crop was cut almost green, which kept some value in the straw. But with the coming of the combine harvester oats are cut dead ripe and are no more valuable than other cereal straws.

Much ingenuity has been devoted to using straw as feed by various mixtures with sodium hydroxide, ammonia, molasses, etc, but it is doubtful if at present these processes are really economic. They have been known for years but have attracted renewed interest since cereals have become so expensive, thanks to the Common Agricultural Policy.

Obvious alternatives would be as energy sources for heating houses and grain driers and some of these are well documented in A. R. Staniforth's latest book*. Mr Staniforth is an ADAS official in Oxfordshire who has made a speciality of the straw problem for many years. His rational analysis of straw use should be required reading for all those who consider straw burning a crime. Here are some of his findings, based on experimental evidence.

Ploughing in straw straight after the combine even if it has been chopped up actually impoverishes the soil unless expensive nitrogen is added to enable the soil bacteria to break it down. Mixed with dung and urine it will rot down, but contrary to popular belief does little to increase organic matter in the soil. In fact in the examples shown applications of farmyard manure in general seemed only to have slowed a general reduction in organic matter.

The most sensible use for barley straw is for bedding young pigs. It keeps them warm and reduces the noxious smell of slurn. I still think that as bedding for most farm stock it cannot be faulted, although it does not suit modern housing systems. But it is expensive to spread on the land. It just has to be burnt in situ in most years.

*STRAW FOR FUEL FEED AND FERTILISER By A. R. Staniforth: Farming Press Ltd. Warfedale Road, Ipswich.

John Cherrington

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 6 1983	+ or —	Month ago
Metals			
Aluminium	$810/815	......	£816/815
Free Mkt	$1015 1045	+10	$975/1005
Copper			
Cash h grade	£959.5	+11	£905.75
3 mths	£986.75	+11.5	£921.75
Ca h Cathode	£922	+11.5	£852.5
3 mths	£949.5	+12.5	£885.75
Gold troy oz	$454	—3.5	$437
Lead Cash	£307.75	+8.5	£268
3 mths	£318.875	+8.625	£276.75
Nickel	£4133.5	......	£4133.5
Free mkt	162/192c	—2	148/178c
Platin'm tr'y oz	£260		£260
Freemkt	£260.80	—2.05	£224.55
Quicksilver†	$340/345	......	$360/370
Silver troy oz	701.95p	+17.30	645.40p
3 mths	718.95p	+17.25	661.20p
Tin Cash	£7401	+2.5	£7462.5
3 mths	£7415.5	+12.5	£7437.5
Tungsten	$92.25	......	$102.59
Wolfrm 22.04 lb	$78/82	......	$80/84
Zinc Cash	£439.5	+11	£406.75
3 mths	£452.5	+11.75	£419.25
Producers	$800	......	$880

	Jan. 6 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$450x	—12.5	$427.5
Groundnut	$462.5x	......	$470
Linseed Crude	£310	......	£322
Palm Malayan	$355	......	$377.5
Seeds			
Copra Philip	$295x	......	$290
Soyabean (U.S.)	$236.7	+0.3	$238
Grains			
Barley Fut. Mar	£114.60	+0.15	£114.20
Maize	£145.50	......	£143
Wheat Fut. Mar	£121.10	+0.05	£119.20
No.2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1164	+25	£1065
Future May	£1140.5	+23	£1012.5
Coffee Ft. Mar	£1592	—9.5	£1556.5
Cotton A Index	70.35c	—0.1	69.10c
Gas Oil Feb	$271.5	—0.25	$286.75
Rubber (kilo)	51.25p	+1	50.75p
Sugar (Raw)	$97x	+1	£102
Wooltops 64s kl	374p kilo	+2	372pkilo

‡ Unquoted. y Feb. x Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.30-30.50	+0.13
Iranian Light	29.00-29.50	—
Arabian Heavy	28.00-28.30	+0.10
North Sea (Forties)	30.60-31.00	+0.05

GAS OIL FUTURES

Prices lacked direction, opening stronger to reflect the New York close but easing off as buying interest declined. A rally to the highs was short-lived, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	279.00	......	282.00-76.75
Feb	271.50	—0.25	275.50-71.00

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES gained further ground on the London Metal Exchange, again boosted by sizable speculative, charist and computer buying. Copper closed at the day's high of £987 and moved up to £995 in late inter-office trading, while lead and zinc were finally quoted at £319.25 and £448 respectively. Buffer stock support held tin at £7,425. Nickel continued to decline in the face of persistent selling pressure and closed the late Kerb at £2,280, after £2,270.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
HighGr de	£	£	£	£
Cash	952-.5	+15	959-60	+11
3 months	979-.5	+15.7	986.5-7	+11.5
Settlem't	952.5	+15	—	——
Cathodes				
Cash	915.5-6	+16	921-3	+11.5
3 months	942.5-3	+16	949-50	+12.5
Settlem't	916	+16	—	——
U.S. Prod.	—	—	*70.4	——

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £952.5; three months £980, 79, 79.5, 80, 79.5, 79, 79.5. Cathodes: Cash £915, 16; three months £942, 42.5, 43. Kerb: Higher Grade: Three months £980, 81, 82, 83, 84. Afternoon: Higher Grade: Three months £986, 85.5, 86, 87, 87.5, 87, 86.5. Cathodes: Three months £950, 49. Kerb: Higher Grade: Three months £986, 85.5, 86, 85, 86, 86.5. Turnover: 44,700 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7400-10	+12.5	7400-2	+8.5

SILVER

Silver was fixed 17.6p an ounce higher for spot delivery in the London bullion market yesterday at 701.95p. U.S. equivalents of the fixing levels were: spot $11.291, up 19.2c; three-month $11.518, up 17.4c; six-month $11.748, up 15.9c; and 12-month $12.306, up 17.6c. The metal opened at 701-703p ($11.30-11.34) and closed at 697-699p ($11.20-11.24).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	701.95p	+17.6	700p	+18
3 months	716.95p	+17.2	717.75p	+10
6 months	735.25p	+17.2	—	——
12months	772.60p	+18.2	—	——

LME—Turnover 148 (72) lots of 10,000 ozs. Morning: Cash 702.50; three months 718.5, 18.0, 18.5. Kerb: 720.0, 17.0. Afternoon: Three months 720.0, 19.5, 19.0, 18.0, 17.0, 18.0. Kerb: Three months 718.0, 17.5, 18.0, 19.0.

COCOA

Futures remained fully steady throughout the day reflecting weaker sterling, good nearby interest in physicals and commission house buying. The higher levels encouraged origin cocoa sales, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1133-34	+25.0	1138-13
May	1140-41	+23.0	1145-25
July	1151-52	+20.0	1155-40
Sept	1163-64	+16.5	1166-55
Dec	1189-89	+15.5	1190-77
March	1208-09	+16.5	1210-00
May	1220-25	+15.5	—

Sales: 4,656 (4,224) lots of 10 tonnes. ICCO—Daily price for Jan 6: 79.02

POTATOES

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
Feb	70.50	70.10	70.50-70.30
April	87.90	87.20	88.60-87.00
May	90.00	89.40	90.70-89.10
Nov	67.50	67.80	—
Feb	76.50	76.00	—

Turnover: 403 (335) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted good interest throughout the day and closed quietly steady. Lewis and Peat reported a January fob price for No. 1 RSS in Kuala Lumpur of 184.0 (183.0) cents a kg and SMR 20 169.0 (same).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
Feb	51.20-52.80	50.40-52.00	—
Mar	51.90-52.80	51.10-51.80	—
Apl-Jne	55.40-55.60	52.80-52.70	53.50-52.80
Jly-Sept	55.60-55.70	54.90-55.00	55.80-54.80
Oct-Dec	57.58-57.60	56.90-57.10	57.80-57.40
JanMch	59.50-59.60	58.90-59.10	59.80-59.50
Apl-Jne	61.60-61.70	61.20-61.30	62.00-61.80
Jly-Sept	64.00-64.10	63.60-63.70	64.10-64.00
Oct-Dec	66.20-66.50	65.80-66.10	—

Sales: 393 (191) lots of 15 tonnes, nil (nil) of 5 tonnes.

Physical closing prices (buyers) were spot 51.25p (50.25p); Feb 54.00p (53.50p); March 54.75p (54.00p).

SOYABEAN MEAL

The market opened 50p higher on weaker sterling, reports T. G. Roddick. Prices remained steady in dull conditions.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 84.8 to 88.6; Ulster hindquarters 104.0 to 108.0, forequarters 57.5 to 62.0. Veal: Dutch hinds and ends 144.0 to 148.0. Lamb: English small 71.0 to 74.5, medium 70.0 to 72.0, heavy 64.0 to 67.0; Scottish heavy 63.5 to 66.0; Imported: New Zealand PL 51.3 to 52.0, PM 51.0 to 51.0, YM 49.0 to 49.0. Pork: English, under 100 lb 37.0 to 52.0, 100-120 lb 45.0 to 51.0, 120-160 lb 38.0 to 49.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.04p per kg lw (—2.43). GB—Sheep 149.63p per kg est dcw (—5.28). GB—Pigs 62.79p per kg lw (—10.24).

INDICES

FINANCIAL TIMES

Jan. 5	Jan. 4	M'th ago	Y'ar ago
240.16	238.73	235.05	248.81

(Base: July 1 1952 = 100)

REUTERS

Jan. 6	Jan. 5	M'th ago	Y'ar ago
1583.0	1572.7	1577.6	1603.6

(Base: September 18 1931 = 100)

MOODY'S

Jan. 5	Jan. 4	M'th ago	Y'ar ago
1013.4	1005.8	993.6	990.1

(December 31 1931 = 100)

DOW JONES

AMERICAN MARKETS

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	1664	1669	1618	1604
May	1693	1699	1653	1643
July	1723	1724	1685	1679
Sept	1753	1735	1713	1709
Dec	1798	1770	1758	1753
March	1842	—	—	1797

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	129.20	131.50	129.10	132.28
May	124.15	126.10	124.10	126.78
July	120.78	122.50	120.50	122.67
Sept	118.50	119.75	118.50	120.15
Dec	116.25	117.25	116.00	117.50
March	114.26	115.50	114.51	116.25
May	112.75	114.25	113.50	113.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	70.85	71.20	71.05	71.25
Feb	71.40	71.40	71.30	71.85
March	72.05	72.75	71.65	72.50
May	73.10	73.75	72.75	73.60
July	74.15	74.75	73.80	74.70
Sept	75.15	75.85	74.95	75.70
Dec	76.50	77.25	76.20	76.96
March	77.95	78.80	77.90	78.40
May	78.90	79.50	78.70	79.35
July	79.85	80.60	79.95	80.30

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	65.73	—	65.43	65.57
May	67.12	67.15	66.86	67.05
July	68.24	68.25	67.92	68.21
Oct	67.50	—	—	67.20
Dec	67.90	67.95	67.70	67.86

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	456.5	460.3	455.5	461.0
March	459.7	463.5	458.0	464.4
April	463.3	466.8	—	467.8
June	470.3	474.0	469.5	475.0
August	477.6	480.5	478.0	482.3
Oct	485.3	486.0	484.5	489.9
Dec	493.0	496.0	493.0	497.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	6.50	6.55	6.36	6.59
May	6.84	6.89	6.72	6.90
July	7.13	7.20	7.01	7.21
Sept	7.47	7.52	7.41	7.54
Oct	7.70	7.75	7.55	7.74
March	8.78	8.75	8.73	8.85
May	9.08	—	—	9.14

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	60-65	60.85	59.95	59.90
April	60.85	61.15	60.30	60.52
June	62-12	62-40	61-75	61-97
Aug	60.70	60-95	60-50	60-67
Oct	59.50	50.70	59.30	59.52

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	58.42	58.62	58.00	58.17
April	54.87	55.30	54.55	54 95
June	55.77	56.25	55.55	55.95
July	55.70	56.10	55.52	55.92
Aug	54.05	54.35	53.95	54.30
Oct	49.90	50.05	49.80	49.97
Dec	49.65	49.97	49 52	49.90
Feb	48.82	48.90	48.75	48.52
April	46.52	46.62	46.30	46.55

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	245.4	346.4	243.4	244.2
May	254.2	254.6	252.4	253 0
July	261.4	262.2	259.6	260 2
Sept	267.0	268.0	265.4	266.0
Dec	276.2	277.4	274.4	275.4
March	286.6	288.2	285.0	286.2

POR KBELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	82.52	83.90	82.25	82.97
March	81.55	82.80	81.30	81.92
May	80.77	81.80	80 60	80 95
July	79.67	80.35	79.25	79 80
Aug	76 60	77 45	76.40	76 95
Feb	65.90	66 20	65 90	66 25

Electronic Rentals lower midyear

TRADING SURPLUS of Electronic Rentals Group rose by £1.91m to £40.11m for the half-year to September 30 1982, but a £3.53m increase in depreciation charges was reflected in pre-tax profits, which showed a reduction from £7.39m to £6.16m. Turnover for the period was ahead £3.47m at £94.38m.

Profits before interest and exceptional items fell from £14.03m to £12.41m. These were split as to (in £000s): rental—UK £10,028 (£11,441) and overseas £2,248 (£2,332); communications £58 loss (£313 loss); retail £101 (£166); camping and leisure £287 loss (£74 profit); property £416 (£382); miscellaneous £11 loss (£39 loss); and holding company £46 loss (£10 loss).

For the second six months of the current year, the group anticipates continued investment in video recorders in its home and overseas rental markets, where the profit benefits will arise largely in subsequent years. This arises from the high level of depreciation on video recorders in the early years.

In addition, it will not be until January 1984 that the benefit from the reduction (approximately £10m in a full year) in the depreciation charge will start to emerge in respect of the BRW acquisition in 1978.

However, the board says it must not be assumed that the whole of this reduction will be reflected in group profits.

Stated basic earnings per 25p share for the half-year dropped from 2p to 1.3p, but the interim dividend is maintained at 1.1667p net—the previous year's total payment was 4.3097p on pre-tax profits of £15.56m (£14.74m).

Taxable profits for the six months under review were struck after depreciation of £27.7m (£24.17m), interest payable of £5.44m (£5.18m) and exceptional debits of £0.81m (£1.46m)—being redundancy and other related costs arising from trading rationalisation in the UK.

Tax charge for the period decreased from £3.78m to £3.4m and there were also minority interests of £36,000 (£13,000). *Extraordinary debits of £374,000* consisted mainly of the costs arising from the cessation of Gola's manufacturing activity. Credits of £420,000 last time arose from profits on the disposal of the Brazilian rental subsidiary and a 30 per cent associate interest in a Dublin cable network business.

No provision was made in the interim results for losses on *disposal* of the camping and leisure activities. These losses will be dealt with in the full year's *results.*

Net cash flow per share at the half year showed a fall from 17.1p to 14.8p. At September 30 1982, group borrowings stood at £58m, compared with shareholders' funds and subordinated debt level of £20m.

With regard to cable, the *board says it welcomes the conclusions* of the Hunt Committee Report and looks forward to the issue of the Government's White Paper in the next few months outlining more clearly future developments and opportunities.

See Lex

Yorkshire-General lifts bonus rates

SUBSTANTIAL increases in all bonus rates for 1982 have been made by Yorkshire General Life Assurance, a member of the *General Accident* Group.

The reversionary bonus rates for the new series launched at the beginning of 1982 have been improved by 20p to £5 per cent on the sum assured and by 30p to £5.50 per cent of attaching bonuses. The terminal bonus *rate for these policies has been* lifted from 40 per cent to 45 per cent of attaching bonuses.

For policies taken out between 1970 and 1981, the reversionary bonus rate is increased 50p to £7.50 per cent of the sum assured. Terminal bonus rates are also increased.

Personal pension policies for the self-employed get a 70p rise *in reversionary bonus rates to* £9.50 per cent of the basic benefit and attaching bonuses, *while* for individual pension arrangements, the increase is 50p to £7.60 per cent compound.

Terminal bonuses for these pension policies are increased from 20 per cent to 30 per cent *of attaching bonuses.*

Individual life policies with Equity and Law Life Assurance Society get a 20p rise in the normal reversionary bonus rate to £4.50 per cent of the sum assured and attaching bonuses. But the company points out that this increase arises from a tax change in the indexation of capital gains.

Since this did not affect tax exempt pensions business the normal rate on individual pension policies remains at £4.50 per cent compound.

The society is increasing its bonus payouts by introducing additional reversionary bonuses for both life and pension contracts, paid *to the older* contracts.

For life business the additional bonus scale rises from 1 per cent for contracts taken out in 1960 to 15 per cent for those taken out in 1946 and earlier, the rate being applied to the basic benefit and attaching bonuses. For pension contracts, the scale runs from 1 per cent *for 1970 entry to 15 per cent* for entry in 1956.

The society has changed its terminal bonus scales, increasing the rates for newer policies and cutting back the older duration rates to allow for this additional bonus.

For life policies, the scale runs from 20 per cent to 65 per cent, against 15 to 75 per cent, and for pension contracts from 35 per cent to 75 per cent, against 30 per cent to 85 per cent.

New Court ahead at £0.6m with further growth seen

IMPROVED pre-tax profits, up from £393,000 to £610,000, are reported by New Court Natural Resources for the six months to September 30 1982. Revenue of this oil and gas property investment company rose from £1.02m to £1.13m, but operating expenses increased from £518,000 to £741,000. The directors of this USM company say the increase relates largely to costs of *rehabilitating the* first part of the Avant field.

The pre-tax figure was after depreciation, depletion and amortisation amounting to £194,000 compared with £250,000, but included net interest income up from £146,000 to £415,000. Tax was higher at £210,000 against *£142,000, and stated earnings per* 5p share were 1.2p (1.02p) on a weighted average.

At March 31 1982, the group adopted retrospectively the full cost method of accounting for its oil and gas properties. Figures for the first half have therefore been restated to reflect this policy and the depletion charge calculated on the factors known at that date. The tax charge does not include deferred tax of £122,000 and comprises U.S. windfall profits tax and UK corporation tax.

At September 30, the group *had no borrowings* and held approximately U.S.$10m in cash.

The directors say revenue from the Oklahoma joint venture is scheduled to commence this year, and the first year's full contribution will accrue next year. With the increasing income from the Avant field, the *board believes that pre-tax profits* and earnings per share for the full year to March 31 1983 are likely to be in excess of those for last year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Electronic Rentals ...int.	1.17	Feb. 25	1.17	—	4.31
Hickson & Welch	5	Feb. 14	5	7.5	7.5
Pleasurama	5.75	April 7	3.5	7.5	4.75
TR City Lon Tst sec int.	1.25	Feb. 28	1.1	—	4.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Flextech raises £3m by oversubscribed issue

FLEXTECH, which has investments in manufacturing and service companies in the petroleum industry, has raised about £3m by an open offer to existing shareholders of 1.05m shares at £3 per share.

The application list closed on December 20 last year, with the issue oversubscribed. Following the offer, Flextech will have 2.8m share in issue, mainly held by city institutions. The company was advised by brokers Cazenove and Co.

The money has been raised to support Flextech's existing investments and to enable it to expand it to respond to other attractive opportunities.

Although a listing of the company's shares was not sought in conjunction with the share issue, the directors plan to take advantage of the earliest suitable opportunity to seek a listing.

LONDON TRADED OPTIONS

January 6 Total Contracts 1,725 Calls 1,197 Puts 528

Option	Ex'cise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity Close
BP (c)	280	26	31	40	30	—	—	302p
BP (c)	300	11	56	24	—	38	—	"
BP (c)	330	1½	2	13	1	24	—	"
BP (p)	280	2	—	10	1	—	—	"
BP (p)	300	7	153	24	33	34	3	"
CU (c)	120	17	4	20	52	23	—	135p
CU (c)	130	8	12	12	—	16	—	"
CU (c)	140	2	104	6	25	10	6	"
CU (p)	130	4	1	7	2	13	—	"
CU (p)	140	11	—	17	4	20	—	"
CU (p)	160	29	—	34	25	—	—	"
Cons. Gld (c)	420	85	9	95	1	104	—	500p
Cons. Gld (c)	460	45	7	62	—	75	1	"
Cons. Gld (c)	500	12	82	37	28	52	1	"
Cons Gld. (p)	390	1	2	5	—	8	—	"
Cons. Gld.(p)	420	1½	—	8	—	13	3	"
Cons.Gld. (p)	460	6	—	13	14	27	—	"
Cons. Gld.(p)	500	18	—	30	14	38	—	"
Ctlds. (c)	70	7	—	11	1	13	—	76p
Ctlds. (c)	80	2	—	5½	—	7½	5	"
Ctlds. (p)	70	1	—	3½	2	5	—	"
Ctlds. (p)	80	5	—	7	5	11	5	"
GEC (c)	197	22	12	34	—	—	—	216p
GEC (c)	217	6	13	22	—	—	—	"
GEC (c)	260	½	—	5½	—	12	2	"
GEC (p)	217	12	1	18	—	—	—	"
Gr'd Met. (c)	280	63	1	66	—	70	—	343p
Gr'd Met. (c)	300	43	29	46	12	50	—	"
Gr d Met. (c)	330	14	7	27	12	32	1	"
Gr'd Met. (c)	360	3	—	14	42	20	21	"
Gr'd Met. (p)	300	1½	—	5	—	6	1	"
Gr'd Met. (p)	330	3	3	11	1	16	—	"
Gr'd Met. (p)	360	22	2	26	—	29	—	"
ICI (c)	300	66	5	72	1	76	—	362p
ICI (c)	330	38	10	42	7	48	15	"
ICI (c)	360	10	41	20	8	28	—	"
ICI (p)	330	2	—	8	—	14	2	"
ICI (p)	360	8	3	20	—	26	—	"
Land Sec.(c)	260	27	12	35	—	41	1	286p
Land Sec.(c)	280	9	62	22	—	28	—	"
Land Sec.(c)	300	1½	—	10	8	—	—	"
Land Sec.(p)	260	1½	60	6	—	10	—	"
Land Sec.(p)	280	8	35	10	—	15	—	"
Mks & Sp. (c)	200	26	3	32	—	36	1	225p
Mks & Sp.(c)	220	8	19	21	—	25	4	"
Mks & Sp.(c)	240	1½	—	10	18	14	—	"
Shell (c)	380	74	10	80	—	—	—	430p
Shell (c)	390	44	—	52	2	60	—	"
Shell (c)	420	18	22	30	1	40	—	"
Shell (c)	460	1	—	14	1	24	—	"
Shell (p)	390	1½	16	10	—	11	—	"
Shell (p)	420	6	—	17	15	20	2	"
		February		May		August		
Barclays (p)	420	35	25	48	—	54	—	390p
Imperial (c)	100	20	10	24	—	—	—	118p
Imperial (c)	110	11	17	16	—	20	—	"
Imperial (c)	120	5	10	10	—	14	—	"
Imperial (p)	120	5	9	9	—	16	—	"
Lasmo (c)	300	22	6	40	14	52	—	307p
Lasmo (c)	330	10	6	25	10	36	—	"
Lasmo (c)	360	4	5	12	—	—	—	"
Lasmo (p)	280	6	—	18	4	—	—	"
Lasmo (p)	300	13	6	27	—	—	—	"
Lasmo (p)	390	90	—	97	4	—	—	"
Lonrho (c)	80	19	7	20	—	23	—	97p
Lonrho (c)	90	10	38	12½	—	14½	—	"
Lonrho (c)	100	4	55	6	39	8½	—	"
Lonrho (p)	90	1½	—	5	10	7	—	"
Lonrho (p)	100	7	—	11	4	13	—	"
P & O (c)	110	9	4	15	—	17	2	118p
P & O (c)	120	3	3	9	—	12	—	"
P & O (p)	110	6	3	10	—	14	8	"
Racal (c)	600	16	—	35	1	58	—	592p
Racal (p)	600	28	8	35	—	58	2	"
RTZ (c)	390	95	1	102	—	117	—	479p
RTZ (c)	420	68	4	75	—	85	—	"
RTZ (c)	460	35	23	52	10	65	—	"
RTZ (c)	500	11	5	29	10	—	—	"
RTZ (p)	460	12	6	27	—	37	—	"
Vaal Rfs. (c)	55	59	—	59½	1	—	—	$114
Vaal Rfs. (c)	60	54	2	55½	1	—	—	"
Vaal Rfs. (c)	70	44	6	44½	7	46	—	"
Vaal Rfs. (c)	80	34	1	34½	—	37	—	"
Vaal Rfs. (c)	90	24	5	26	—	29½	1	"
Vaal Rfs. (c)	100	14½	7	19½	—	24½	—	"
Vaal Rfs. (c)	110	8½	6	14	7	18	4	"
Vaal Rfs. (c)	120	3¼	2	8½	12	13	3	"
Vaal Rfs. (p)	110	5	13	8½	15	12	—	"
Vaal Rfs. (p)	120	11	6	13½	—	15½	—	"

C=Call P=Put

Progress by Howden Group in first half

TAXABLE PROFITS of Howden Group improved from £3.37m to £3.56m for the six months to October 31 1982 and it is anticipated that results for the full year should continue to show an advance in line with the first half.

For the previous 12 months, pre-tax profits moved up *from* £7.75m to £8.69m, on a turnover of £142.17m (£115.24m). The group operates as an engineer.

The directors say the long term content of the group's order book is satisfactory, with the latest major additions being equipment for new power stations in *Hong Kong and South Africa.*

They add that they intend to declare, in March, an unchanged interim dividend of 1.46p net per 25p share — last year's total payment was 4.4p.

On July 15 1982, BBC, Brown Boveri and Co., through a Canadian subsidiary, paid the balance of C$15.4m due on its shareholding in Brown Boveri Howden Inc. BBC's 49 per cent minority interest applies to profits arising from May 1 1982.

Sir Norman Elliott, having completed 10 years as chairman, has indicated his intention to retire at the end of this month.

● comment

Howden is maintaining its five year run of profits growth but *at a rate significantly below last year.* If the prediction from the retiring chairman is sustained, then the current year should bring profits of around £9.1m pre-tax, which is 10 per cent below some City forecasts. Half-time profits growth of 5.6 per cent follows a rise of 12.1 per cent for the previous 12 months. But short term comparisons are always difficult at Howden, because of the size of its contracts and the consequent lumpy flow in income. The immediate outlook for the group is encouraging. In addition to continued success in obtaining orders for the new coal-fired power stations in South Africa and Hong Kong, there has been a slight but welcome improvement in the U.S., where Howden's defence plants are attracting increased business. Moreover, the recent downward trend in sterling will help the competitive position at Howden, which finds about two-thirds of its turnover abroad. A fall of 3p to 162p in the share price yesterday represented a fairly neutral response from a dull market. The yield of 3.9 *remains unexciting,* and the slowdown in profits growth suggests that investors will leave the shares alone for the next six months.

Pleasurama hits a peak £9.51m and lifts payout

SHARPLY HIGHER profits were returned by entertainment and *amusement group Pleasurama* for the 12 months ended September 30 1982, the pre-tax figure rising by £3.94m compared with the previous year to £9.51m. Turnover rose from £16m to £22.33m.

Stated earnings per 5p share emerged 12.7p ahead at 34.1p and *the dividend is being effectively* increased from 4.75p to 7.5p by a final of 5.75p. A further one-for-one scrip issue is proposed.

The results for the year included exceptionally better figures from the associate companies, up from £2.31m to £4.2m. They also benefitted over the *final six months from a first time* contribution from Maxim's Casino, Kensington, acquired in March last year.

The club performed well but in common with other London casinos the business can be volatile and is seasonally biased towards the summer months.

Although the associates showed an exceptional increase over the year it is pointed out that with the granting of additional licences in London future profits are not expected to show the same percentage growth.

However, the directors are confident that the group is well placed to take advantage of future expansion opportunities.

Tax for the year took much more at £5.06m (£3.76m) and extraordinary debits accounted for £60,000 (nil).

At the six months stage pre-tax profits were well ahead at £3m (£2.09m) but no forecast for the full year was given.

● comment

Punters at Pleasurama's casinos might have done better to invest *in the company's shares rather* than its chips, since the former have tripled in value over the past year to 485p. The sharp rise in associates' profits—from the 25 per cent stakes in the Ritz and Casanova casinos — is to a large extent a reflection of the bitter blows that fate, in the form of the Gaming Board, has dealt to many of the company's rivals in the metropolis. That period of false competition is coming to an end but Pleasurama will continue to benefit from the bargain buy of Maxim's Casino, which could have added about £1.4m to second-half profits. Pleasurama is an outstanding example of the cash generative powers of the casino business. Its year-end net cash of £8.5m is getting on for twice the level of a year ago, despite having to fork out about £5¼m for Maxims. Pleasurama is still on the look-out for acquisitions both in the provinces and in London. In the longer term the company might want to diversify into a less volatile part of the leisure sector. Pleasurama certainly has the "readies," but with its shares yielding not much more than 2 per cent, paper must be a very tempting alternative.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Asprey, East of Scotland Onshore, Raybeck.
Final—Bakers Household Stores.

FUTURE DATES

Interims—
Danae Investment Trust .... Jan 12
Dowty .... Jan 24
Guinness Peat .... Jan 14
MFI Furniture .... Jan 20
Mountleigh .... Jan 19
Ratners (Jewellers) .... Jan 12
Samuel (H.) .... Jan 10

Finals—
Associated Newspapers .... †Jan 14
Bootham Engineers .... Jan 19
Claverhouse Investment Trust... Jan 10
Derby Trust .... Jan 27
Lowe (Robert H.) .... Jan 13
Stakis .... Jan 11
Tate and Lyle .... Jan 19
Trusthouse Forte .... Jan 19
† Amended.

Hickson and Welch up to £7.6m

DESPITE HIGHER charges for interest and redundancies, Hickson and Welch (Holdings) has pushed up its profit from £6.28m to £7.62m in the year ended September 30 1982.

Turnover of this timber preservation and chemicals group rose by nearly £14m to £104.61m. Interest payable was up from £668,000 to £881,000 and redundancy and closure costs were £848,000 against £699,000.

Earnings moved ahead from 16p to 23p per 50p share. The dividend is held at 7.5p net with an unchanged final of 5p.

On a CCA basis the profit before tax was £4.3m (£2.31m) and earnings were shown at 6p (loss 4p).

● comment

Hickson and Welch's profits growth conceals a gaping disparity in the fortunes of its component divisions. The chemicals division which employs over 60 per cent of the group capital and notched up sales of £55m in 1981-82, made a modest profit of £484,000 compared with £1.1m. All the redundancies were borne by the organic intermediates operations based in Castleford. Its specialised chemicals are sold to the larger chemical firms and the fall-off in sales of 25 per cent in the last three years matches that of the sector. Competition remains fierce from the West German chemical majors which have yet to cut their sterling prices in response to a falling £-deutschemark rate. Hickson is holding its breath, as the losses mount, *sales continue to decline* and the workforce *falls,* to 900 at the year end with more redundancies likely this year. South African inorganics contributed about £700,000 to profits but this year's prospects are not bright. And the William Blythe inorganics subsidiary, whose products are used in timber treatment, produced profits of about £1m. The accelerating decline in chemicals profits over the last five years has been partly *offset* by the emergence of the timber products division whose profits rose *in 1981-82 to just over £6m.* But with recession reaching Singapore, South Africa and New Zealand, this growth rate is unlikely to be maintained. The *small building materials division,* unconnected with the rest of the group, recorded improved profits of £621,000. If this year's group pre-tax profits reach £10m, yesterday's share price of 302p (up 12p) will be 12 times the fully-taxed earnings. The historic yield is only 3.6 per cent.

Park Place result

The £2m cash call by Park Place Investments has been almost fully subscribed. Acceptances have been received in respect of 1,651,207 new shares which represent about 95.7 per cent of the 1.7m shares offered.

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at November 17 1982 (Table 5, Bank of England Quarterly Bulletin)*.

£m

		TOTAL TO UK RESIDENTS: Total	of which in sterling	of which in foreign currencies	FINANCIAL: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1982 August 18	42,120	40,782	1,338	2,594	2,361	168	1,342	1,084
	Nov 17	44,004	42,514	1,490	2,834	2,560	168	1,450	1,216
Scottish clearing banks	1982 August 18	5,234	4,862	372	353	275	26	157	170
	Nov 17	5,423	4,998	425	379	284	27	158	193
Northern Ireland banks	1982 August 18	936	935	—	45	45	2	40	4
	Nov 17	945	942	3	62	62	2	53	6
All banks	1982 August 18	98,577	80,489	18,088	16,609	9,339	1,932	3,312	11,366
	Nov 17	104,340	84,568	19,772	17,655	9,936	1,984	3,533	12,138
of which in sterling	1982 August 18	80,489			9,339		1,843	3,025	4,470
	Nov 17	84,568			9,936		1,893	3,221	4,822
Changes: in sterling	1982 May/Aug	+3,868			+563		+42	+61	+459
	Aug/Nov	+4,079			+597		+50	+196	+352
in foreign currencies adjusted for exchange rate effects ...	1982 May/Aug	+593			+338		+8	−6	+337
	Aug/Nov	+247			−116		−4	+2	−115
Advances only All banks	1982 August 18	89,711	71,939	17,771	14,871	7,631	1,279	3,304	10,288
	Nov 17	94,889	75,516	19,374	15,737	8,050	1,282	3,523	10,931

		MANUFACTURING: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1982 August 18	9,999	9,424	1,258	948	544	946	2,298	509	676	838	2,630
	Nov 17	9,676	9,083	1,325	813	468	934	2,236	517	[illegible]	747	2,053
Scottish clearing banks	1982 August 18	1,021	941	190	125	65	51	158	142	32	93	166
	Nov 17	1,008	928	204	111	63	50	163	136	30	84	167
Northern Ireland banks‡	1982 August 18	143	142	40				42			24	36
	Nov 17	125	124	29				40			19	37
All banks	1982 August 18	22,764	18,619	3,367	3,619	1,288	1,953	4,021	826	1,662	1,420	4,608
	Nov 17	23,345	18,717	3,860	3,635	1,242	2,055	4,022	820	1,696	1,328	4,716
of which in sterling	1982 August 18	18,619		2,764	2,599	1,046	1,665	3,383	783	1,405	1,287	3,687
	Nov 17	18,717		3,072	2,505	958	1,747	3,312	756	1,417	1,196	3,760
Changes: in sterling	1982 May/Aug	+552		−498	+126	+4	+176	+207	+56	+93	+70	+229
	Aug/Nov	+98		+308	−94	−88	+82	−71	−27	+12	−97	+73
in foreign currencies adjusted for exchange rate effects ...	1982 May/Aug	+130		+38	−6	+10	+18	+22	—	+30	−18	+37
	Aug/Nov	+149		+130	+19	+21	−2	+2	+17	+2	−4	−36
Advances only All banks	1982 August 18	18,335	14,393	2,596	2,536	1,031	1,532	3,577	808	1,129	1,272	3,852
	Nov 17	18,774	14,358	2,995	2,670	969	1,615	3,538	810	1,063	1,171	3,942

		OTHER PRODUCTION: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	PERSONS: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1982 August 18	5,609	5,521	3,201	344	2,063	12,476	12,469	5,780	6,697
	Nov 17	5,886	5,769	3,347	367	2,172	13,703	13,693	6,584	7,120
Scottish clearing banks	1982 August 18	1,070	978	760	130	180	1,277	1,274	618	659
	Nov 17	1,051	946	727	127	197	1,396	1,393	702	694
Northern Ireland banks	1982 August 18	250	250	197	5	48	211	211	57	154
	Nov 17	252	252	194	7	51	211	211	50	161
All banks	1982 August 18	9,991	8,511	4,327	2,301	3,363	19,275	19,218	8,282	10,993
	Nov 17	10,653	8,984	4,447	2,715	3,491	21,170	21,111	9,484	11,686
of which in sterling	1982 August 18	8,511		4,302	1,172	3,037	19,218		8,277	10,941
	Nov 17	8,984		4,422	1,391	3,170	21,111		9,480	11,631
Changes: in sterling	1982 May/Aug	+394		+307	−20	+108	+2,016		+1,377	+639
	Aug/Nov	+473		+120	+219	+133	+1,893		+1,203	+690
in foreign currencies adjusted for exchange rate effects ...	1982 May/Aug	−43		—	−84	+41	−8		−2	−7
	Aug/Nov	+68		−3	+100	−30	−2		−1	−1
Advances only All banks	1982 August 18	9,533	8,054	4,295	1,967	3,721	19,275	19,218	8,282	10,993
	Nov 17	10,186	8,518	4,425	2,359	3,402	21,170	21,111	9,484	11,686

		SERVICES: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1982 August 18	11,442	11,007	1,020	85	56	2,532	1,999	5,750
	Nov 17	11,905	11,459	999	71	41	2,659	2,045	6,090
Scottish clearing banks	1982 August 18	1,514	1,395	184	17	117	240	199	757
	Nov 17	1,589	1,446	187	35	111	266	207	782
Northern Ireland banks‡	1982 August 18	287	287		18	7	104	43	117
	Nov 17	295	293		19	8	104	45	119
All banks	1982 August 18	29,937	24,802	3,456	1,151	2,692	4,164	6,801	11,673
	Nov 17	31,516	25,820	3,590	1,253	2,372	4,455	7,271	12,576
of which in sterling	1982 August 18	24,802		2,027	742	2,682	4,081	4,336	10,945
	Nov 17	25,820		1,978	839	2,362	4,370	4,485	11,785
Changes: in sterling	1982 May/Aug	+342		+82	−161	−103	+112	+168	+365
	Aug/Nov	+1,018		−49	+97	−320	+289	+159	+840
in foreign currencies adjusted for exchange rate effects ...	1982 May/Aug	+177		+5	−7	−8	+26	+210	−50
	Aug/Nov	+149		+67	−27	−1	−6	+109	+6
Advances only All banks	1982 August 18	27,697	22,644	3,323	1,095	2,692	3,668	5,601	11,317
	Nov 17	29,022	23,478	3,420	1,193	2,372	3,879	6,011	12,135

* The introduction of the new monetary sector in November 1981 has led to changes in the coverage of this table (for fuller explanation see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for February 1982 are therefore not shown. † *Including lending under special schemes* for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs *slightly* from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government."

MINING NEWS

Canada excited over Hemlo area

BY KENNETH MARSTON, MINING EDITOR

THE EXCITING new Hemlo gold camp near Thunder Bay in north-west Ontario is described by the Toronto-based investment house, Alfred Bunting, as "the most significant new mining area to be found in Canada for many years and could eventually match the importance of such well known (gold) producing areas as Val d'Or and Kirkland Lake."

Because of their size and simplicity the Hemlo deposits are being considered more akin, in geological terms, to those of the South African Rand rather than the more structurally complex deposits of the Canadian Shield.

The first in the field at Hemlo have been two small companies, Golden Sceptre Resources and Goliath Gold Mines. Following a deal concluded by them with Noranda Mines this major Canadian resource company has assumed the dominant role in the new gold area.

The ground covered by Golden Sceptre and Goliath had, by November of last year, shown an orebody containing over 3m tons of ore grading a good 0.26 ounces gold (8 grammes) which was still open at depth.

On an adjacent property Long Lac Minerals is understood to have discovered a shallow orebody holding some 1.8m tons grading 0.16 oz while the nearby ground covered by International Resources (and being developed by Teck) has shown two zones, one of 1.3m tons grading 0.3 oz and another of 0.7m tons grading 0.16 oz.

From Toronto, John Soganich reports that latest drilling by Noranda, which can earn a 50 per cent stake in the Sceptre-Goliath area, assayed 0.304 oz gold over a true width (thickness) of as much as 80.4 ft in borehole 14.

Hole 15 returned a high 0.469 oz (14 grammes) gold over 77.1 ft while hole 16 gave 0.382 oz over 63.2 ft. Hole 17 intersected 4.9 ft assaying 0.444 oz gold. Overall, it is thought that there could be at least 7.2m tons of ore in the Sceptre-Goliath area averaging 0.249 oz gold, equivalent to Canada's present annual gold production.

Messina fears further decline in earnings

NOW LIVING with a downturn in the South African economy the Messina industrial and mining group expects a further fall in earnings this year and Mr Ian Mackenzie, the chairman, warns in the annual report that this may mean a reduction in the dividend.

Like virtually all other copper producers, the group's mining side continued to operate at a loss in the year to September 30. Mr Mackenzie says that the mining operations will have to be discontinued unless steps being taken to eliminate losses are successful. Discussions are being held with government for the continuation of financial assistance for the mine.

However, Mr Mackenzie holds out the hope that copper prices will improve this year and this, together with higher prices for gold and silver, should allow the group to meet its objective of eliminating all further losses from mining operations.

He also says that Messina intends to change its financial year-end to December 31 from September 30 and this will result in the current accounting period covering 15 months. The shares rose 5p to 247p yesterday.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Mar.		Jun.		Sep.		
D/FL C	F.260	10	4	1	6.50	—	—	F.259.40
D/FL C	F.265	20	2	—	—	10	5.50	"
D/FL C	F.270	26	1.80	—	—	—	—	"
D/FL P	F.260	9	8.50	10	15.30	—	—	"
D/FL P	F.265	57	11	102	16.50	—	—	"
D/FL P	F.270	51	15.50	60	20	—	—	"
D/FL P	F.275	2	19.50	—	—	—	—	"
		Feb.		May		Aug.		
GOLD C	$300	6	162	—	—	—	—	$465
GOLD C	$400	1	65	—	—	1	95	"
GOLD C	$425	4	39 A	100	64	100	78 A	"
GOLD C	$450	54	24 B	3	47 A	68	58 A	"
GOLD C	$475	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GOLD C	$500	58	9	100	24	—	—	"
GOLD C	$550	25	2.50	32	12	—	—	"
GOLD P	$375	5	0.80	30	4	—	—	"
GOLD P	$400	76	1.50	45	7	20	10 B	"
GOLD P	$425	2	4.50	39	10	—	—	"
GOLD P	$450	31	12	25	20	—	—	"
GOLD P	$475	12	26	34	35 B	—	—	"
13¼ NL 81 87-91								
C	F.125	50	10	—	—	—	—	F.135.20
C	F.127.50	—	—	105	8.50	—	—	"
C	F.130	—	—	55	7	30	8	"
C	F.135	135	2.50	—	—	—	—	"
P	F.125	12	0.50	—	—	—	—	"
P	F.130	25	0.50	—	—	—	—	"
P	F.135	—	—	20	3.50	—	—	"
10¾ NL 80 86-95								
C	F.110	30	5.80	—	—	20	4.50	F.115
P	F.115	—	—	—	—	—	—	"
11¼ NL 82 88-92								
C	F.112.50	—	—	—	—	20	8	F.118.80
C	F.117.50	—	—	14	3.80	—	—	"
P	F.117.50	—	—	20	2.50	—	—	"
10 NL 82-II 86-89								
C	F.107.50	85	5.20	100	6 B	—	—	F.113.20
C	F.110	200	3.50	360	4	—	—	"
C	F.112.50	—	—	635	3	—	—	"
7¾ NL 82 88-93								
C	F.100	100	2.10	10	3.50	—	—	F.101.70
C	F.102.50	20	1.50	28	2.80	—	—	"
P	F.102.50	31	2	18	2.90	—	—	"
		Jan.		April		July		
AKZO C	F.30	30	6.60 B	—	—	—	—	F.36.90
AKZO C	F.32.50	—	—	58	4.90	—	—	"
AKZO C	F.35	130	2	65	3.60	—	—	"
AZKO C	F.40	—	—	284	1.50 B	—	—	"
AKZO P	F.35	—	—	37	1.80	30	3	F.46.30
AMRO C	F.50	—	—	55	9	—	—	F.122.50
GIST C	F.120	—	—	—	—	—	—	F.99
HEIN C	F.90	57	9	45	6.50	—	—	"
HEIN C	F.100	—	—	40	2.20	—	—	F.16.20
HOOG C	F.15	275	1.60	116	1.30 A	—	—	"
HOOG C	F.17.50	50	0.60	—	—	—	—	"
HOOG C	F.20	50	0.10	—	—	—	—	"
KLM C	F.110	—	—	—	—	34	44	F.149
KLM C	F.140	47	11.80	—	—	—	—	"
KLM C	F.150	157	6.90	40	14.50	—	—	"
KLM P	F.100	—	—	51	3	—	—	"
KLM P	F.110	—	—	36	4.80	—	—	"
KLM P	F.130	47	1.20 B	—	—	—	—	"
KLM P	F.140	62	3.30	—	—	—	—	"
KLM P	F.150	49	7.50	—	—	—	—	"
NEDL P	F.100	54	1.70	42	6.50 A	—	—	F.101
NEDL P	F.110	76	9.50	—	—	—	—	"
NEDL P	F.120	28	20.50	—	—	—	—	"
PHIL C	F.25	99	4	165	4.40	5	4.40	F.29.10
PHIL C	F.27.50	810	1.60	468	2.70	55	3.10	"
PHIL C	F.30	441	0.40	427	1.40	210	1.80	"
PHIL P	F.25	30	0.10	9	0.40	—	—	"
PNIL P	F.27.50	—	—	40	0.90	108	1.30	"
RD C	F.90	180	7.80	54	9	24	10.20	F.97
RD C	F.100	405	1.50	279	4.50	248	5.10	"
RD P	F.90	33	0.20	138	2.50	—	—	"
RD P	F.100	9	4.30	37	6	—	—	"
UNIL P	F.190	37	1.50	2	8.50 B	—	—	F.197.70
		Feb.		May		Aug.		
VEBA C	DM.150	60	13.50	—	—	—	—	DM143.40
VW C	DM.140	30	11.50	—	—	—	—	DM.149

TOTAL VOLUME IN CONTRACTS 10719

A=Asked B=Bid C=Call P=Put

BIDS AND DEALS

Blundell moves into Germany

BY DAVID DODWELL

Blundell-Permoglaze Holdings, the British industrial and decorative paints group, moved into Europe yesterday with the purchase of a majority stake in the privately-owned German paint manufacturer, Continental Lack-und Farbenwerke Friedr. W. Wiegand Sohne.

Using funds raised in July by a £1.4m rights issue, Blundell has bought 51 per cent of the Oberhausen-based company, widely known as Contilack, for the equivalent of £586,000.

The remaining 49 per cent of Contilack is to be bought over the next 10 years as Blundell exercises a series of share options.

The foreign purchase forms part of wider expansion plans by Blundell. Over the past two years, it has opened a new factory in Dublin, bought the Scottish paint manufacturer Federated Paints, bought a 15 per cent stake in paintbrush manufacturer Hamilton Star, and taken over the paints-related operations of Ault and Wibourg.

Mr Robert White, Blundell chairman, said yesterday that the purchase of Contilack had been considered since before July. The recent move by the old-established German company into new premises using the most advanced paint-making technologies, added to their attractiveness, he said.

Access to the highly efficient German paint market was thought impossible without a domestic presence, he said, and Contilack may, in future, be used for exporting to other European markets.

High automation and heavy investment in the recent past has to some extent insulated Blundell from recession. Profits for the six months to April 30 were £477,000, 52 per cent up on the comparable period a year earlier.

Contilack lost about £46,000 in the year to December 1981. But these losses were blamed largely on the costs of transition into new premises and the purchase of new equipment. In the financial year ahead, Contilack is expected to break even.

PILKINGTON

Libbey-Owens-Ford has been informed by Pilkington Brothers than on December 30 Pilkington completed the purchase of the 3.33m shares of Libbey-Owens-Ford stock held by Gulf and Western Industries and that Pilkington has agreed to hold the shares in a separate account until the FTC has reviewed certain information being supplied by Pilkington.

ICT's £0.6m bid for Electronic Machine is allowed to lapse

BY CHARLES BATCHELOR

International Communications Technology (ICT), the Luxembourg holding company, announced yesterday it had allowed its £582,000 bid for Electronic Machine Company to lapse.

ICT said that "in the absence of any meaningful dialogue with the directors of EMC and the lack of information concerning the results of EMC for the six months ended October 31 it does not consider that a further extension or revision of its offer is justified."

By the January 5 expiry date of the offer valid acceptances totalled only 37,415 shares of 1.52 per cent of EMC's equity. Shareholders of 26,535 shares—1.08 per cent—had accepted the cash offer and holders of 10,880 shares—0.44 per cent—elected to receive shares.

However Mr Tim Palmer, chief executive of Carshalton, Surrey-based EMC, which makes optical components, radar and electronic controls, said no attempt had been made by ICT to hold talks wit hhim or with the board.

"There has been no attempt to speak to me," he said. "They just delivered the offer document at our front office. No words were exchanged."

ICT did speak to EMC's brokers and attempted to contact shareholders, he said. EMC will be announcing its results in February as usual, he added.

EMC had rejected the offer made on October 22 saying it grossly undervalued the company and bore no relation to its prospects and potential. EMC directors controlled 30.87 per cent of the equity.

The Stock Exchange announced on November 18 that it had withdrawn the reciprocal dealing facility under which ICT's shares could be traded in London under rule 163 (4a). EMC's shares fell 2p yesterday to 34p.

DUFAY BITUMASTIC

Dufay Bitumastic has acquired for cash J and C Printing Inks from the Frank Horsell Group. Consideration based on the net asset value of J and C as at December 31, is estimated at about £650,000.

For the year to March 31 1982 J and C incurred a pre-tax loss of £33,500 on turnover of £2.1m.

NO PROBE

The merger between the bright bar interests of Guest Keen and Nettlefold, BSC, and Brymill will not be referred to the Monopolies Commission.

NEW YORK

[illegible]

Indices

[illegible]

Wall St closes at new high

THE DOW JONES Industrial Average soared to its highest closing level on record as visions of an imminent economic recovery gripped Wall Street.

The average, the market's most widely used measure, rose more than 31 points during the day and finished at 1,070.92, a gain of 26.03 points. The previous record close was established on December 27, 1982, when it reached 1070.55.

* * *

AT MIDSESSION the average was up 18.94 at 1,063.83; the New York Stock Exchange all-common index was up $1.38 at $83.14.

NYSE All Common Index was $1.38 stronger at $83.14. Advances outscored declines by a four-to-one majority, with turnover further increasing to 83.10m shares from Wednesday's 1 pm figure of 67.44m.

Steel and Chemical stocks, which were out of favour for most of 1982, dominated the actives list. Heavily-traded stocks with gains included **Kaiser Aluminium**, up 1¼ to $17½. **Alcoa**, 1¼ to $31. **Du Pont**, 2¼ to $39¼, **Inco**, ¾ to $12⅞, and **Dow Chemical**, 1⅞ to $28⅞.

Burlington Northern was up 1⅞ to $57½, while **El Paso** added ⅞ at $22⅞. The Justice Department approved Burlington's proposed acquisition of El Paso on the condition that Burlington divest El Paso's Northern Plain coal reserves if anti-trust problems arise.

Motor stocks climbed following the report that sales in the last 10 days of December rose 28.5 per cent for the industry. **General Motors** put on ⅞ to $62¼, **Ford** 1⅞ to $40¼ and **Chrysler** ¼ to $17⅞.

THE AMERICAN SE Market Value Index climbed 8.02 to 355.72 at 1 pm. Volume 10.25m shares (7.91m).

Canada

Oil and Gas issues were to the fore of a further sharp and broad advance on Canadian markets in active early dealings.

The Toronto Composite Index was ahead a further 39.3 at 2,019.7 at noon, while Oil and Gas rose 109.5 to 2,895.8. Metals and Minerals 62.6 to 1,940.5 and Golds 16.1 to 4,476.2.

Analysts said the rally in the Oils is probably due to a combination of factors, including hopes for an oil agreement between Ottawa and Newfoundland and the recent $4 a barrel price increase for Canadian oil.

Tokyo

Expectations of a cut in the near future in the Japanese Official Discount Rate prompted further strong selective buying yesterday in very heavy dealings, taking the market to a fresh all-time peak.

The Nikkei-Dow Jones Average climbed a further 54.36 to a new record high of 8,120.51, while the Tokyo SE index added 3.59 at 597.49. Trading volume swelled to 830m shares from Wednesday's 470m, and was the heaviest since August 12 1981.

There was a hint by Bank of Japan Governor Haruo Mayekawa on Wednesday that the Central Bank might cut the Official Discount Rate in the near future.

Also spawning anticipation for an early Japanese Discount Rate cut has been the yen's recent sharp rally against the U.S. dollar. Mr Mayekawa indicated that the Japanese currency had moved from a stage of correction to that of recovery.

Foreign investors, active since this year's trading began on January 4, are spreading their buying across a broad front.

Large-capital issues such as Steels and Shipbuilders gained substantial ground as lower interest rates are expected to lighten the interest burden on their borrowings. **Nippon Steel** rose Y7 to Y149, **Kobe Steel** Y9 to Y159 and **Mitsubishi Heavy** Y8 to Y244.

Housebuilders, Construction Companies and Real Estates were also preferred in anticipation of a cut in housing loan rates. However, International Populars were avoided because of their high price levels, with many Computer Makers, Motors and Light Electricals receding on profit-taking. **Hitachi** lost Y9 to Y823, **Fujitsu** Y14 to Y983, **Sony** Y40 to Y3,470, **Toyota Motor** Y30 to Y1,050 and **Nissan Motor** Y20 to Y800.

Oil and Electric Power companies rose sharply as the yen's rise against the dollar will reduce the cost of their oil in yen terms. **Nippon Oil** gained Y50 at Y1,090, **Mitsubishi Oil** Y80 at Y366, **Tokyo Electric Power** Y65 at Y1,050 and **Kansai Electric Power** Y70 at Y990.

Germany

Prices were mainly easier as operators took profits and the market digested the gains registered earlier in the week. The Commerzbank index receded 3.1 to 774.5 from Wednesday's 3½-year high.

Brokers said the market's underpinning remained basically firm, but uncertainty was spreading about the expected March General Elections and the unsteadying effects of an energetic political campaign.

Stores featured weakly with **Karstadt**, depressed by news of a 6.5 per cent fall in its turnover last year, losing DM 3 at DM 201.50. **Kaufhof** shed DM 2.50 to DM 194.50.

Australia

Markets experienced a further widespread rally yesterday on strong buying.

The All Ordinaries index rose 9.7 more to 505.9, ending above the 500 level for the first time since October. The All Industrials index moved ahead 9.8 to 643.5, Metals and Minerals 11.5 to 432.0 and Oil and Gas 7.3 to 425.8.

Brokers said a surge in overseas buying, mainly from London, gave share prices a boost from the outset.

The overall rise in international Bullion prices and some strong gains in Base Metal prices were given some of the credit for the stock market's gains. One broker noted, however, that some of the gains were magnified by the fact that there were very few sellers.

Industrial stocks were bolstered again by the prospect of lower interest rates, although some investors were awaiting details of the Treasury Bond tender, due late that day, and its likely influence on interest rates.

Paris

Stocks were mixed with a slight majority of gains at the end of a calm session, with the recent spate of buying waning.

Traders said details of the French Government's package aimed at reducing the cost of credit came too late in the session to affect investors' strategy. The package had been widely anticipated, they added, and the impact on today's session is likely to be minimal.

Switzerland

Sustained buying interest in active trading sent shares further ahead, sentiment buoyed by Wednesday's cut in interest rates on medium-term notes by the four major Swiss banks and the continued strength of the Swiss franc. The Swiss Bank Corporation Industrials index finished 2.3 higher at a new 1982-83 peak of 301.2.

High institutional liquidity provided additional support, with buying stimulated by attractive relative yields of quality stocks after a continuing slide of yields on new Bond issues.

Hong Kong

Share prices moved within a narrow range throughout the day in light trading, before closing with a slightly firmer tendency.

Brokers again said that nearly all major investors are firmly on the sidelines, waiting for some resolution of the liquidity problems being experienced by Carrian Investments and Eda Investments. However, market sentiment was aided by a favourable projection by the Financial Secretary that the economy would expand by 6 per cent in 1983.

CANADA

(Closing Prices) Stock	Jan 6	Varn.
AMCA Int.	21½	+ 1⅛
Abitibi	20	+ ⅜
Agnico Eagle	18⅝	-
Alberta Energy	16	+ ⅞
Alcan Alumin	35½	+ 1⅞
Algoma Steel	27	+ 2
Asbestos	10	+ ½
Bk Montreal	26	+ ¼
[illegible]	[illegible]	[illegible]

DENMARK

Jan. 5	Price %	+ or —
Aarhus	339	—1
Andelsbanken	173	.....
Baltica Skand...	325	+7
CopHandelsbank	205.4	+2
D. Sukkerfab	420	+6
Danske Bank	206.4	+1
East Asiatic	97.4	—1.2
Forende Brygg	655	—6
Forende Damp	158	+7.8
[illegible]	[illegible]	[illegible]

HOLLAND (continued)

Jan. 6	Price Frs.	+ or —
Gist.-Brocades	122.7	+3.7
Heineken	99	+3.3
Hoogovens	16.2	—0.9
HunterDouglas	11.3	—0.2
Int Muller	20.7	+0.2
KLM	149.0	—2.8
Naarden	24.8	+0.7
Nat Ned cert	125.8	—1.3
Ned Cred Bank	25.8	+0.5
[illegible]	[illegible]	[illegible]

AUSTRALIA

Jan. 6	Price Aust. $	+ or —
ANZ Group	3.75	+0.1
Acrow Aust	1.25	.....
A.O.D.	0.82	+0.08
Ampol Pet	1.50	—0.02
Assoc. Pulp Pap	1.85	.....
Aust. Cons. Ind.	1.15	—0.01
Aust. Guarant	2.12	+0.02
Aust. Nat. Inds	2.15	.....
Aust. Paper	1.85	+0.04
Bond Hldgs	1.05	+0.05
[illegible]	[illegible]	[illegible]

JAPAN (Continued)

Jan. 6	Price Yen	+ or —
Konishiroku	665	+1
Kubota	328	+3
Kumagai	395	+10
Kyoto Ceramic	4,500	+50
Maeda Const	526	+2
Makino Milling	785	+25
Makita	790	+20
Marubeni	287	+3
Marudai	602	—8
Marui	1,020	+20
[illegible]	[illegible]	[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

HOLLAND

[illegible]

Financial Rand US$0.77 (Discount of 18½%)

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON STOCK EXCHANGE

Sterling anxieties bring pressure to bear on Gilts but equities regain early losses to close higher

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 13	Dec 29	Dec 30	Jan 10
Dec 31	Jan 13	Jan 14	Jan 24
Jan. 17	Jan. 27	Jan. 28	Feb. 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Further marked weakness in sterling against the dollar and other leading currencies yesterday sent tremors through the London Gilt-edged market. Comment on the high cost of defending the pound in December, traditionally a quiet month, and the impact on the UK's gold and currency reserves aroused considerable anxiety about the immediate outlook for the exchange rate.

Thoughts of possible repercussions on Government funding plans were also worrying and Gilt-edged investors became extremely nervous. A weight of selling hit markets and quotations tumbled as much as 1¼ points with several half-hearted attempts to rally soon fizzling out. Even the official report that Saudi Arabia would hold the Opec reference price of $34 per barrel failed to make any impact and, with sterling moving lower in New York's early trading yesterday, Gilts continued their decline in London's after-hours' trading.

Only index-linked stocks resisted the weakness; their new-found popularity continued, again aided by stock shortage, and official supplies of Treasury 2½ per cent index-linked 2003 were exhausted. Acceptances for the conventional Exchequer 2¼ per cent 1987 were allotted in full at a minimum tender price of £84.

Institutional investors were active again in the equity sectors. Demand remained selective, however, and the buying was unable to check an early downdrift in many industrial leaders. Oils figured prominently and closed strongly, encouraged late by the Saudi news and Wall Street's early upturn yesterday. The trading pattern of blue chip industrials was well illustrated by the FT 30-share index, which regained a three point fall, at 11.00 am, to close a net 2.4 up at 615.1 to consolidate Wednesday's move through 600; price movements in the constituents yesterday were usually limited to a couple of pence.

The All-Share index reached a fresh peak of 392.24 with Insurance Brokers making a strong showing following comment on the appointment of Mr Ian Davison, a leading accountant, as the first chief executive of the much-troubled Lloyd's of London.

C. E. Heath good

C. E. Heath were particularly favoured and closed 23 better at 305p as the market took note of the fact that Mr Davison was a senior partner in Arthur Anderson, auditors to the company. Willis Faber advanced 20 to 518p and Sedgwick 10 to 191p, while Stewart Wrightson put on 8 to 248p and Hogg Robinson a few pence to 100p, after 101p. Composites took the previous day's gains a useful stage further with renewed investment buying promoting fresh gains of 12 and 20 respectively in GRE, 376p, and Sun Alliance, 935p. General Accident also put on 12, to 376p, and Royals improved 7 more to 447p.

The major clearing banks were held in check by the international debt situation and remained at the overnight levels throughout the session.

A featureless sector of late, Breweries attracted modest support and finished a few pence firmer in places. Bass rose 3 to 304p following the chairman's remarks in the annual report, while similar gains were noted for Allied-Lyons, 140p, and Whitbread, 161p. Wines and Spirits featured Arthur Bell, which advanced 8 more to 280p following a broker's visit to the company. Still responding to favourable mention, Amalgamated Distilled Products rose 3 for a two-day gain of 9 to 143p.

Leading Buildings picked up from a hesitant start to close with small irregular movements. A squeeze on bear positions helped Ready Mixed Concrete to rise 5 for a two-day gain of 14 to 361p. Elsewhere, John Finlan put on 8 to 130p on speculative demand, while Francis Parker gained the turn to 23p following a news-letter tip. Comment also prompted a gain of 7 to 173p in Manders. Ruberoid put on 9 for a two-day jump of 36 to 241p in response to the Belgian acquisition. Bryant Holdings found support and firmed 4 to 60p, as did A. Monk, which rose the same amount to 116p. Timber issues continued firmly, Magnet and Southerns rising 6 afresh to 200p and James Latham 10 to 135p, the latter in a restricted market. Burnett and Hallamshire, a weak market recently on the South African subsidiary's rights issue proposal, rallied 35 to 905p.

After opening 6 lower at 356p, ICI improved steadily to close just a couple of pence cheaper on balance at 362p. Hickson and Welch, a strong performer in front of the annual results, touched 305p on the better-than-expected figures before closing a net 12 up for a three-day gain of 27 to 302p.

Empire volatile

The Monopolies Commission's not unexpected decision to veto Great Universal's bid for mail-order house Empire Stores prompted a marked reaction in the latter which fell to 76p; a brisk trade developed at this level, however, and the shares rallied to close only 2 cheaper on balance at 86p, after 88p, on hopes that Sears, a couple of pence easier at 101½p, will now step in as bidders. GUS "A" shed 5 to 598p. Other mail-orders displayed modest gains, Grattan rising 4 for a two day jump of 12 to 82p, while Freemans hardened 2 to 92p.

After a subdued start, business in Store leaders improved with sellers just holding sway in two-way trading. Debenhams, a firm market of late, gave up 3 to 105p, while British Home eased a few pence to 224p. Woolworths proved an exception in attracting steady support and rising 4 to 187p. Raybeck shed 2 to 33p awaiting today's half-timer, but Dixons, interim results expected later in this Account, rallied 6 to 243p.

Shoes were irregular. Stylo responded to revived speculative interest and closed 9 up at 117p, but Lambert Howarth, a rising market in recent weeks, encountered profit-taking and shed 11 to 137p.

Sold down to 613p at one stage, Plessey rallied smartly to finish a net 7 up on balance at 625p on the agreement enabling Rockwell of the U.S. to supply radio equipment to the American army. Of the other Electrical majors, Philips Lamps firmed 7 more for a two-day jump of 40 on the group's planned joint venture with American Telephone and Telegraph for the marketing of electronic digital telephone exchanges. GEC, on the other hand, relinquished 4 at 212p. Elsewhere, Electronic Rentals fell 8 to 67p following the disappointing interim profits, while Forward Technology, up 7 on Wednesday on a bid approach, dropped 8 to 28p, after 27p, pending further developments. Electronic Machine gave up 2 to 34p on the announcement that the bid from International Communications Technology has lapsed. Fidelity Radio improved to 106p and then met profit-taking to close 4 off at 99p, but revived speculative buying lifted Chloride 3 to 23p and Suter 6 to 41p.

Interest in the Engineering sector centred chiefly on secondary issues. Anderson Strathclyde, up 12 at 168p, revived after the recent reaction on fears that Charter Consolidated may not renew its bid. Late support lifted Whessoe 16 to 116p, while further demand left ML Holdings up 10 more at 315p. Buyers continued to show occasional interest in IMI which firmed 1¼ more to 49¼p. Bestwood came to life with a rise of 10 to 130p, but the interim figures from Howden Group, 3 lower at 162p, failed to inspire. Delta Group improved 3 to 46p and 600 Group ended similarly dearer at 59½p. In contrast, Spear and Jackson eased 4 to a 1982-83 low of 50p.

Further consideration of the chairman's confident annual statement lifted Northern Foods 8 to 198. Cadbury Schweppes and Rowntree Mackintosh hardened 2 apiece to 119p and 210p respectively.

Dealings in Mount Charlotte resumed at 30p with a close of 31p compared with the suspension price of 28½p following a letter to shareholders outlining the proposed acquisition of three London hotels from Trusthouse Forte for £19m. Prince of Wales encountered revived buying in a thin market and gained 7 to 65p.

Rank Org. better

An unsettled market last month on fears that the final dividend will not be maintained when the preliminary results are announced on January 25, Rank Organisation yesterday rallied 12 to 122p. Glaxo continued firmly, closing a further ½ dearer at £14½ on U.S. buying ahead of the forthcoming one-for-one share-split; vague rumours circulated that the shares were to be quoted in the U.S. in their slimmer form from today. Unilever found support and put on 20 to 815p, while Metal Box rose 6 to 160p and Pilkington 5 to 173p. Elsewhere, Sidlaw jumped 16 to 296p with demand fuelled by the approaching flotation of the group's association concern, Skean Dhu. James Wilkes, a 1983 investment tip, revived with a jump of 20 to 220p, while Johnson Mathey reflected the company's gold bullion interests with a rise of 17 to 315p. Barget firmed 12 afresh to 145p and Wolseley-Hughes put on 10 to 545p. European Ferries appreciated 4 to 63p, but nervous offerings ahead of Monday's results left Sotheby's 10 down at 480p. Profit-taking in the wake of the recent Press-inspired improvement left Hoover A 7 lower at 116p.

Press comment pointing to signs that the package holiday market was picking up prompted revived support for travel concerns. Elsewhere in the Leisure sector, Pleasurama touched 500p before closing a net 5 dearer at 485p following the excellent annual results and proposed 100 per cent scrip isue.

Leading Properties closed a shade easier on lack of interest, but selected secondary issues made useful progress. Still responding to a recent Press mention, Stewart Nairn put on 6½ for a three-day gain of 20 to 82p. Favourable comment sparked a lively two-way business in Carlton Real Estates, which rose 4 to 24p. Rush and Tompkins, a neglected market of late, met revived support and firmed 12 to 164p, while Aquis gained 2½ to 31p on speculative interest. Daejan advanced 9 to 142p and Estates and Agency 5 for a two-day gain of 20 to 150p, the latter in a thin market. Whittington Estates encountered fresh buying and firmed 1½ more to 31p, while estate agents Bairstow Eves firmed 3 to 79p. Percy Bilton met profit-taking and, at 206p, shed 4 of the recent spurt of 26 that stemmed from speculation about the late chairman's interest in the company.

Oils up again

A Saudi Arabian denial of recent rumours of a pending cut in the crude price from its reference level of $34 a barrel gave a fresh boost to confidence in the Oil market. Further investment demand saw a continuation of Wednesday's revival with quotations recording gains extending to 14. Lasmo closed that amount higher at 307p and Shell rose 10 to 432p. BP, however, closed with a relatively modest gain of 2 at 304p. Ultramar advanced 9 to 516p and Tricentrol 8 to 174p. Among the more speculative exploration issues, Candecca, 135p, and Carless Capel, 120p, improved 10 and 8 respectively, while Goal Petroleum were also noteworthy with a rise of 6 to 56p.

Trusts recorded further widespread gains, Second Alliance improving 9 to 344p, Drayton Premier 6 to 220p and Fleming Japanese 5 to 268p. Among Financials, profit-taking prompted a reaction of 8 to 355p in Aitken Hume.

Nottingham Manufacturing remained to the fore among Textiles and rose 4 more to 218p. Buyers also showed further interest in UU, up 3 more at 35p, and Tranwood, 1½ dearer at 7p, but Tomkinsons met profit-taking and, at 123p, gave up 7 of Wednesday's jump of 30p.

Golds surge continues

Another major advance by mining markets saw South African Golds attract sizeable London institutional demand and move to unprecedented high levels for the second successive day.

The London buying was most evident in the morning and followed equally strong overnight U.S. interest. Share prices wavered in the early afternoon, influenced by light selling from Johannesburg and fears of attempted American profit-taking but this failed to materialise in any major sense and the market recovered well to close only a fraction below the day's best.

The Gold Mines index continued its recent surge and advanced another 17.7 to a record 587.3—a two-day spurt of 35.1. Bullion was finally $2.5 easier at $454, after $460.

Features in the top-quality issues included Randfontein, £82½, Western Deep, £38¾ and Western Holdings, £34¾, all of which showed rises of £1¾ while Southvaal moved up £1¾ to £38¾ and Free State Geduld £1½ to £32½.

Renewed and widespread demand for Platinums took the three quoted South African stocks up to 1982-83 highs, although intermittent profit-taking was also reported. Impala and Rustenburg rose 20 apiece, to 560p and 435p respectively, while Lydenburg gained 10 to 315p.

The buying of Golds and Platinums spilled over into South African Financials where 1982-83 highs were again common throughout the list. Notable performances were recorded by "Amgold," £1¼ up at £72, Gencor, which put on ½ more to £14½, and De Beers, a further 8 up at 420p. "Johnnies," a major holder of Rustenburg, closed a point firmer at £56.

The recent strength in Australians showed little sign of abating and the leaders recorded substantial gains, as did Golds and the more speculative stocks.

Peko-Wallsend rose 10 to 384p, MIM Holdings 7 to 238p and Western Mining 5 to 230p.

Quieter conditions in London equity markets were reflected in Traded Options in which total contracts done amounted to 1,725. Commercial Union attracted another useful trade with 202 calls struck, over half of which were done in the January 140s. Shell Transport January 390 calls closed 6 higher at 44p, while the January 420s rose 4 to 18p.

FINANCIAL TIMES STOCK INDICES

	Jan. 6	Jan. 5	Jan. 4	Dec. 31	Dec. 30	Dec. 29	A year ago
Government Secs...	80.46	81.32	81.45	81.19	81.79	81.79	62.00
Fixed Interest...	81.91	82.26	82.11	81.93	82.18	82.09	62.87
Industrial Ord...	615.1	612.7	598.9	596.7	593.6	593.7	523.7
Gold Mines...	587.3	569.6	552.2	556.5	562.2	552.9	300.9
Ord. Div. Yield...	4.85	4.89	5.02	5.05	5.07	5.07	5.71
Earnings, Yld.% (full)	10.44	10.53	10.82	10.88	10.92	10.92	10.03
P/E Ratio (net) (*)...	11.49	11.40	11.09	11.05	10.98	10.99	12.73
Total bargains...	21,747	21,006	15,185	18,003	14,758	12,767	15,393
Equity turnover £m.	—	183.35	116.26	79.26	143.26	82.84	87.5
Equity bargains...	—	19,164	14,648	11,448	16,276	9,577	11,298
Shares traded (ml)...	—	131.8	85.2	69.1	110.3	64.8	70.8

10 am 610.3. 11 am 609.6. Noon 611.2. 1 pm 611.3. 2 pm 611.3. 3 pm 612.8.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 10.68.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	85.84 (8/11)	61.89 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord...	637.4 (12/11)	518.1 (5/1/82)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines...	587.3 (6/1/83)	181.2 (22/6)	587.3 (6/1/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 5	Jan. 4
—Daily Gilt Edged Bargains...	183.4	130.8
Equities Bargains...	124.1	94.9
Value...	370.6	235.0
5-day Avrge Gilt Edged Bargains...	133.0	110.7
Equities Bargains...	92.1	75.0
Value...	244.5	194.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ♣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ♦ Merger bid or reorganisation in progress.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Wed. close	Day's change	Stock	No. of changes	Wed. close	Day's change
Tomkinsons ...	19	130	+30	Parker Knoll 'A'	14	208	+23
De Beers Defd.	17	412	+20	Unilever ...	14	795	+30
Glaxo ...	17	£13⅞	+1	Forward Tech. ..	13	36	+7
Stewart Nairn .	17	75½	+9½	Racal Elec. ...	13	590	−5
Fidelity Radio...	16	103	+22	RTZ ...	13	480	+12
Leslie Gold ...	16	270	+36	Driefontein ...	12	£20½	+0⅛
Aitken Hume ...	14	363	−12	ICI ...	12	364	—

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Anderson Strathclyde	168	+12	Impala Plat. ...	560	+20
De Beers Defd. ...	420	+8	London & Liverpool...	352	—
Empire Stores ...	86	−2	Northern Foods ...	198	+8
Glaxo ...	£14½	+½	Polly Peck ...	£74¼	+½
Heath (C. E.) ...	305	+23	Rustenburg Plat. ...	435	+20
Hickson and Welch ...	302	+12	Sidlaw ...	296	+16

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

NEW HIGHS AND LOWS FOR 1982/83

NEW HIGHS (254)
BRITISH FUNDS (6)
AMERICANS (4)
CANADIANS (5)
BANKS (4)
BREWERS (5)
BUILDINGS (12)
CHEMICALS (4)
DRAPERY & STORES (2)
ELECTRICALS (9)
ENGINEERING (4)
FOODS (3)
HOTELS (2)
INDUSTRIALS (20)
INSURANCE (2)
LEISURE (3)
MOTORS (3)
PAPER (1)
PROPERTY (5)
SOUTH AFRICANS (3)
TEXTILES (2)
TRUSTS (91)
OIL & GAS (3)
OVERSEAS TRADERS (1)
PLANTATIONS (1)
MINES (59)

NEW LOWS (9)
ENGINEERING (2)
Cronite — Spear & Jackson
INDUSTRIALS (4)
Brook St. Bureau — Radiant Metal
Francis Inds. — Reed Int.
PAPER (1)
Wace Group
OVERSEAS TRADERS (1)
Nesco
OIL & GAS (1)
Sovereign Oil

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds ...	9	84	4
Corpns. Dom. & Foreign Bonds ...	1	37	39
Industrials ...	317	193	815
Financial & Props.	186	31	301
Oils ...	37	11	62
Plantations ...	4	1	18
Mines ...	84	2	62
Others ...	86	30	60
Totals ...	724	389	1,361

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 10	Jan 21	Apr 21	May 3
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31

For rate indications see end of Share Information Service

Stocks favoured for the call included Marks and Spencer, Avon Rubber, Stewart Nairn, London and Liverpool, Clive Discount, De Beers Deferred, Wellman Engineering, Central and Sheerwood, Burmah, ICL, Rank Organisation, Offshore Oil, Cambridge Electronic, ICI, West Driefontein, BSR, Mills and Allen, Pennine Commercial, Fidelity Radio, Kia Ora Gold, Foward Technology, Resource Technology, Pressac, Carless Capel, Premier Oil, Camseal, Breville and Cons. Gold Mining Areas. No puts were reported. A double was struck in ICL.

DEXION PURCHASE

Dexion, a storage equipment and materials handling group based at Hemel Hempstead, has acquired the assets of Hytrac Conveyors, of Leicester.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 5, 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. [illegible]

FT COMMERCIAL LAW REPORT

Michaelmas Term: digest of cases

FROM DECEMBER 3 TO DECEMBER 22, 1982

Skips A/S Nordheim v Syrian Petroleum Co and Another (FT, December 3).

Mr Justice Hobhouse said that an arbitration clause in a charterparty was a clause or term, and not a condition of the contract. A provision in a bill of lading incorporated "all conditions and exceptions" of the charterparty. The judge held that the reference to "conditions" did not incorporate the arbitration clause because "conditions" did *not include* "terms" and "clauses." The provision applied only to conditions, properly so called, which had to be performed by a consignee on taking delivery of the goods on the ship's arrival.

★

Empresa Exportadora de Azucar v Industria Azucarera Nacional SA (FT, December 7)

A Cuban State trading enterprise, a seller of sugar, was held by the Court of Appeal to be liable for breach of contract in respect of sugar already shipped but not delivered to a Chilean buyer The breach was induced by Cuban Government decisions taken in reaction to a right-wing coup in Chile in 1973. The court held, however, that the seller could *rely on the defence of frustration* in respect of unshipped sugar because, though it was party to the government decisions, it had separate juridical personality.

★

Paal Wilson and Co. A/S v Partenreederei Hannah Blumenthal (FT, December 8)

When the Court of Appeal *heard this case, it ruled* by a majority that the arbitration contract between the parties was frustrated because 11 years had elapsed before completion of the pleadings and discovery of documents. However, in the House of Lords, the buyers won their appeal to pursue their claim against the sellers over a purchase of a ship. Lord Brandon said that while an arbitration agreement—like any other contract—could be frustrated, the frustrating event had to be *an extraneous one* and *not* the result of the default of one or both parties. Both these factors were missing in the present case.

★

Hawker Siddeley Group Ltd v Hawker Siddeley Aviation Ltd and Another (FT, December 10)

In 1977, under the provisions of the Aircraft and Shipbuilding Industries Act, the issued share capital of two subsidiaries of Hawker Siddeley Group was vested in British Aerospace. These paid a final dividend which included a tax voucher to Hawker Siddeley in an allegedly *full discharge of their obligations.* Hawker Siddeley refused to accept the settlement, contending that it was entitled to the "maximum amount" of money under the Act, together with the appropriate tax credits. The Court of Appeal, upholding that contention, stated that once the amounts owing were ascertained, no justification existed for sub*dividing them into dividend* and tax credit.

★

Soya GmbH Mainz Kommanditgesellschaft v White (FT, December 14)

The question of whether an inherent defect, which was likely to make goods deteriorate on a voyage, was covered by an insurance policy was simply one of construction, the House of Lords held. The insurers lost their appeal from a decision that a policy, which covered "heat, *sweat* and *spontaneous* combustion only," was intended to cover the deterioration of a cargo of soya beans due to heating and sweating on the voyage. The Marine Insurance Act 1906 states that an insurer is not generally liable for inherent vice unless there is a specific provision in the policy. The policy in this case was held to cover a particular form of inherent vice.

★

Re G. T. Whyte and Co. Ltd. (FT, December 15)

In April 1974, a wholly-owned subsidiary of Lloyds Bank issued a floating charge on the assets of Whyte and Co. to replace *the mortgages it previously held* as security for its advances. In February 1975, Whyte was compulsorily wound up. Mr *Justice Nourse upheld the* liquidator's claim that the charge was invalid under section 322 of the 1948 Companies Act because money lent at the time the charge was created was not "cash paid" to the company, but was merely a continuation of an earlier loan made on the bank's behalf by its agent. The purpose of the *floating charge was to substitute* a better security.

★

D/S A/S Idaho v Peninsular and Oriental Steam Navigation Co. (FT, December 17)

A charterparty incorporated a clause paramount stating that it was subject to the Hague Rules, under which claims have to be brought within 12 months of the delivery of goods. Another clause stated that all claims were to be settled under the Inter Club New York Produce Agreement. In holding that the charterers' claims in arbitration were not time-barred, the Court of Appeal stated that the purpose of the Inter Club Agreement was *to cut* across any allocation of functions and responsibilities under the Hague Rules and to provide a rough and ready apportionment of financial liability between the charterers and the owners.

★

Clark (Inspector of Taxes) v Oceanic Contractors Incorporated (FT, December 21).

By a majority of three to two, the House of Lords held that Oceanic Contractors Inc, by coming into the UK, had made itself subject to UK jurisdiction and tax legislation. Oceanic, registered in Panama, with its *operating base in Antwerp* and its headquarters in Brussels, employed its workforce, 60 per cent of whom were UK nationals, outside the UK. However, they worked on the UK sector of the North Sea, and Oceanic's trading presence in the UK sufficed to make effective the collection of PAYE tax, assessable under Schedule E of the 1970 Income and Corporation Taxes Act.

★

Wicks v Firth (HM Inspector of Taxes); Johnson v Same (FT, December 22).

By a majority of four to one, the House of Lords rejected the Crown's contention that Schedule E tax was payable on the educational scholarships provided to the children of higher-paid employees of ICI under a trust. Lord Fraser said that the clear intention of Parliament, expressed in section 375 of the Income and Corporation Taxes Act 1970, was that income arising from scholarships was to be tax-exempt. The language of this section prevailed over section 61 of the Finance Act 1976, which stated that benefits paid to an employee's family were to be treated as part of his taxable emoluments.

By Aviva Golden

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

[illegible]

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777

UK Specialist Funds				
Assets	124 7	134 4	+0.3	4.53
Recovery	44 7	48.2	+0 7	4 00
Smaller Cos.	71.3	76.9	+0.5	2.68
Spec. Mkt. Sits.	61.8	66.6	+1.5	2 40
UK Blue Chip	45 9	49.5		3 97

[illegible]

Save & Prosper—continued

Overseas Funds (z)				
Europe	101.7	109 4	+1.3	1.31
Japan	154.6	166.4	+0.9	1.26
S.E. Asia	57 5	61.8	+0.8	1.42
U.S.	167.0	179.9	+1.9	0.56
Sector Funds				
Commodity	137.1	147.5	+3.7	2.53
Energy	116.8	125.7	+3.2	2.02
Exploration Fund (z)	32.7	35 1	+0.9	0.23
Financial Secs.	115.9	124 7	+1.5	3.07
New Technology (z)	67 1	72.2	+0.6	0.22
Scotbits	55.3	59 7	+0 7	3.37

[illegible]

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol 0272 732241

Capital	187.2	198 6	+2 0	3.61
(Accum. Units)	303 8	322 2	+3 2	3.61
Income	106.0	112 4	+0.6	9 12
(Accum. Units)	271 8	288.2	+1.2	9 12
Pref.	100.0	107 0	+0 2	11 66
(Accum. Units)	190 6	204 0	+0.2	11.66
Exempt	145 8	156.2	+0.6	8.58
(Accum. Units)	274.2	293 4	+1.0	8 58
Int. Ems.	87 6	92.0	+0.8	4 37
(Accum. Units)	117 0	123.0	+1.0	4 37
North Amer. Grth.	86 0	89.5	+1.2	2 26

[illegible]

INSURANCES

[illegible]

مكررا من الاصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		215.69	+1.72	—
Managed Inv. Fd.	146.67	154.39	+2.14	—
Property Fd.	144.54	152.15	+0.56	—
Fixed Interest Fd.	137.24	144.47	+3.09	—
Cash Fd.	130.49	137.36	-0.59	—
Income Fd.	141.81	149.28	+5.20	—
Extra Income Fd.	132.99	139.99	+4.67	—
Worldwide Growth Fd.	186.72	196.55	+12.01	—
Balanced Fd.	155.85	164.06	+2.81	—
Smlr Co's & Recy Fd.	160.85	168.48	+2.31	—
Int. Technology Fd.	207.87	218.82	+12.40	—
Nth Amer & Gen. Fd.	131.42	138.34	+4.21	—
Energy Int. Fd.	84.59	89.05	+1.42	—
Pacific Basin Fund	113.27	119.24	+8.46	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	95.0	100.0	.....	—
International	95.0	100.0	.....	—
Property	95.0	100.0	.....	—
Deposit	95.0	100.0	.....	—
Fixed Interest	95.0	100.0	.....	—
Managed	95.0	100.0	.....	—
Equity Pens Cap.	95.0	100.0	.....	—
Intnl. Pens. Cap.	95.0	100.0	.....	—
Property Pens Cap	95.0	100.0	.....	—
Deposit Pens Cap	95.0	100.0	.....	—
Fixed Int Pens Cap.	95.0	100.0	.....	—
Managed Pens Cap.	95.0	100.0	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 5		83.2	.....	—
Retmt. Fed. Jan 7		284.4	+7.1	—
Managed Pen Fund	164.1	172.8	.....	—
Property Pen Fund	109.3	115.0	.....	—
Index Lnkd Pen Fund	115.9	122.0	.....	—
Managed	105.6	111.2	-0.4	—
Property	97.6	102.8	.....	—
Gilt and Fixed Interest	97.0	102.2	-1.3	—
Index-Linked	101.5	106.9	+1.0	—
Equity	106.4	112.1	+0.5	—
Cash	98.0	103.2	+0.9	—
Midland Bk. Unit Tst.	102.1	107.5	+0.3	—
Midland Bank Intnl.	114.4	120.5	+1.5	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£30.40	—	+0.53	—
Property Units	£16.72	—	-0.01	—
Equity Bond/Exec	£20.04	21.21	+0.22	—
Prop. Bond/Exec	£21.87	23.14	-0.01	—
Bal. Bd./Exec/Unit	£21.19	22.42	+0.05	—
2nd Equity Acc.	157.1	166.2	+1.5	—
2nd High Inc/Acc	111.1	117.6	+1.8	—
2nd Property Acc	167.7	177.5	-0.1	—
2nd Managed Acc	155.3	164.3	+0.3	—
2nd Deposit Acc	137.9	145.9	.....	—
2nd Gilt Acc.	136.0	143.9	-0.2	—
2nd American Acc.	157.0	166.1	+0.7	—
2nd Intl Money Acc	134.6	142.4	+0.1	—
2nd Index Acc.	98.7	104.4	-0.2	—
2nd Eq. Pens/Acc	206.7	218.7	+2.5	—
2nd Hi Inc Pens/Acc.	113.1	119.7	+2.1	—
2nd Prp. Pens/Acc	206.6	218.6	-0.1	—
2nd Mgd. Pens/Acc	191.7	202.9	+0.6	—
2nd Dep. Pens/Acc	174.9	185.1	.....	—
Gilt Pens/Acc	171.4	181.4	-0.3	—
2nd Am. Pens/Acc	196.9	208.4	+1.2	—
2ndInt.MoneyPens/Acc	157.5	166.7	+0.1	—
2nd Index Pens./Acc.	99.9	105.7	-0.1	—
L & E S.I.F.	66.0	70.0	.....	—
L & E S.I.F. 2	45.0	47.5	.....	—

Current value Jan. 4.

Capital Life Assurance
Coniston House, Chapel Ash W'ton. 0902 28511

Key Invest. Fd.		111.62xc	.....	—
Pacemaker Inv. Fd.		100.84	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		214.4	.....	—
Portfolio Fd. Init.		183.3	.....	—
Portfolio Fd. Cap.		208.1	.....	—
Portfolio Man. Acc.	65.4	68.8	.....	—
Portfolio Man. Init.	58.3	61.4	.....	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,425	.....	—
Landbank Secs.		64.05	.....	—
Landbank Scs. Acc.	173.3	177.8	.....	—
G. & S. Super Fd.		£10.734	.....	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	298.6	313.0	.....	—

GRE Linked Assurance Limited

Managed Initial	181.5	191.0	+1.2	—
Do. Accum.	198.0	208.4	+2.5	—
Equity Initial	228.6	240.6	+0.3	—
Do. Accum.	249.4	262.5	+0.4	—
Fixed Int. Initial	176.8	186.3	-2.2	—
Do. Accum.	192.9	203.1	-2.4	—
International Initial	167.0	175.8	-2.8	—
Do. Accum.	182.2	191.8	-3.0	—
Property Initial	121.2	127.6	.....	—
Do. Accum.	132.2	139.2	.....	—
Deposit Initial	119.5	125.8	.....	—
Do. Accum.	130.1	136.9	.....	—

GRE Pensions Management Ltd.

Pens. Managed Initial	175.9	185.2	+1.0	—
Pens. Managed Acc.	187.6	197.5	+1.1	—
Pens. Equity Initial	204.6	215.3	+1.1	—
Pens. Equity Acc.	218.1	229.6	+1.2	—
Pens. Fxd. Int. Initial	175.4	184.6	-2.1	—
Pens. Fixed Int. Acc.	187.0	196.8	-2.2	—
Pens. Int'l Initial	155.1	163.3	-1.2	—
Pens. Int'l. Acc.	165.4	174.1	-1.3	—
Pens. Prop. Initial	121.0	127.4	.....	—
Pens. Prop. Acc.	129.0	135.8	.....	—
Pens. Depos. Initial	129.3	136.2	.....	—
Pens. Depos. Acc.	137.9	145.2	.....	—

Hambro Life Assurance P.L.C.
7 Old Park Lane, London, W1Y 3LJ. 01-499 0031

Fixed Int. Dep.	177.2	186.6	+0.3	—
Equity	329.2	346.6	+3.0	—
Property	268.8	283.0	+0.2	—
Managed Cap.	198.6	209.1	+1.0	—
Managed Acc.	304.5	320.6	+1.5	—
Overseas	229.4	241.5	+2.8	—
Gilt Edged	194.5	204.8	-1.0	—
American Acc.	187.9	197.8	-0.1	—
American Man.	104.9	110.5	-0.1	—
American Prop.	96.0	101.1	+0.1	—
American Eq.	187.9	197.8	-0.1	—
Pen. F.I. Dep. Cap.	192.2	202.4	.....	—
Pen. F.I. Dep. Acc.	262.7	276.6	.....	—
Pen. Prop. Cap.	328.0	345.3	.....	—
Pen. Prop. Acc.	494.9	521.0	.....	—
Pen. Man. Cap.	378.1	397.4	.....	—
Pen. Man. Acc.	558.3	587.7	.....	—
Pen. Gilt Edg. Cap.	210.9	222.1	.....	—
Pen. Gilt Edg. Acc.	260.1	273.8	.....	—
Pen. Eq. Cap.	499.4	525.7	.....	—
Pen. Eq. Acc.	571.0	601.1	.....	—
Pen. B.S. Cap.	191.3	200.9	.....	—
Pen. B.S. Acc.	254.6	267.4	.....	—
Pen. D.A.F. Cap.		156.2	.....	—
Pen. D.A.F. Acc.		185.3	.....	—

Hearts of Oak Benefit Society
129, Kingsway, London, WC2B 6NF 01-404 0393

Property Fund	46.5	58.5	.....	—
Managed Fund	120.0	127.0	+1.0	—

Henderson Administration
11 Austin Friars, London, EC2. 01-588 3622

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	192.8	198.5	.....	—
Fixed Interest	152.9	153.6	.....	—
Property	157.2	161.9	.....	—
Deposit	136.6	136.6	.....	—
Mixed	170.3	173.9	.....	—
Indexed Stk.	130.1	130.6	.....	—

London Life Managed Funds Ltd.

Equity (P.)	137.6	142.4	.....	—
Fixed Int. (P.)	152.5	153.4	.....	—
Property (P.)	115.1	119.1	.....	—
Deposit (P.)	113.4	113.4	.....	—
Mixed (P.)	134.7	138.1	.....	—
Indexed Stock (P.)	114.7	115.5	.....	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	241.7	—	+3.5	—
Invest. Tst. Fd. Acc.	248.2	—	+3.5	7.3
Property Fund Cap.	116.3	—	.....	—
Property Fund Acc.	119.4	—	.....	3.0
Flexible Fund Cap.	170.2	—	+1.0	—
Flexible Fund Acc.	174.6	—	+1.0	2.3
Fixed Int. Fd. Cap.	137.5	—	-0.3	—
Fixed Int. Fd. Acc.	141.4	—	-0.3	—
Gtd. Deposit Fd. Cap.	136.4	—	+0.2	—
Gtd. Deposit Fd. Acc.	139.4	—	+0.2	—
Equity Fund Cap.	130.0	—	+1.2	—
Equity Fund Acc.	133.1	—	+1.2	—
International Fd. Cap.	121.4	—	+0.2	—
International Fd. Acc.	124.4	—	+0.2	—
Capital Gwth. Fd.	372.5	—	+4.0	—
Moneymaker Fund	154.3	—	+1.0	—
Exempt Inv Tst Cap.	539.4	—	+5.7	5.5
Exempt Inv Tst Acc.	539.6	—	+5.7	—
Exempt Inv Tst NS	339.6	—	+5.7	3.6
Exempt Prty Cap.	181.4	—	.....	1.9
Exempt Prty Acc.	181.5	—	.....	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		286.5	.....	—
Property Fund (A)		279.4	.....	—
Agricultural Fund		1047.9	.....	—
Agric. Fund (A)		1022.7	.....	—
Abbey Nat. Fund		224.9	.....	—
Abbey Nat. Fd. (A)		223.1	.....	—
Investment Fund	122.2	—	.....	—
Investment Fund (A)	120.6	—	.....	—
Equity Fund	364.4	—	+2.8	—
Equity Fund (A)	358.4	—	+2.8	—
Money Fund		208.8	.....	—
Money Fund (A)		200.4	.....	—
Actuarial Fund		188.1	.....	—
Gilt-edged Fund		179.4	-1.4	—
Gilt-Edged Fd. (A)		179.4	-1.4	—
Retire Annuity		342.8	.....	—
Immed. Ann'ty		196.0	.....	—
International Fd.		206.2	+0.9	—

Prop. Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	224.1	235.9	.....	—
Inv. Fd. Uts.		256.0	.....	—
Pension Fd. Uts.		234.1	.....	—
Conv. Pens. Fd.		263.1	.....	—
Cnv. Pns. Cap. Ut.		202.3	.....	—
Man. Pens. Fd.		282.2	.....	—
Man. Pens. Cap. Ut.		228.0	.....	—
Prop. Pens. Fd.		264.5	.....	—
Prop. Pens. Cap. Uts.		206.0	.....	—
Bldg. Soc. Pen. Ut.		233.7	.....	—
Bldg. Soc. Cap. Ut.		184.3	.....	—
Gilts Pens. Fd.		155.5	-2.0	—
Gilts Pens. Fd. Cap.		139.7	-2.0	—
Equity Pens. Fd.		212.2	+1.6	—
Equity Pens. Fd. Cap.		191.0	+1.2	—

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Special Mkt Fd.	54.1	57.1	.....	—

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
83¼	57	N.Z. 7¼pc 1988-92	78xd	−½	9.30	11.06
93½	74¼	Do. 7½pc '83-86	89xd	−½	8.47	11.60
167	136	S. Rhod. 2½pc Non-Ass.	163	....	—	—
80	58	Do. 3½pc 80-85 Asstd.	80	....	12.04	11.19
55	32	Do. 4½pc 87-92 Asstd.	54	....	8.59	13.80
402	318	Zimbabwe Ann (£100pa)	385	−5	—	16.29

LOANS

Public Board and Ind.

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	57¼	Agric. Mt. 5pc '59-89	77½xd	+4½	6.89	11.01
38	24¼	Met. Wtr. 3pc 'B'	34¼	−½	9.01	11.64

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ $A1	220xd	....	Q28c	♦	7.6	♦
315	205	Alexanders D. £1	290	....	18.5	—	9.1	—
£72	£48	Algemene Fl.100	£72	+4	vQ26%	1.8	8.1	6.8
100	75	Allied Irish	100	+2	Q6.3%	4.0	9.8	3.3
*16¼	9¼	Ansbacher (H.) 5p.	12¼	+¼	0.35	—	4.1	—
275	200	Bk. Ireland £1	255	....	Q29.4%	—	10.0	—
3½	2	Bk. Leumi S0.1	135	....	—	—	—	—

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
64	15½	Inter-City 20p	34	−2	—	—	—	—
197	159	[illegible]	168	.....	4.0	1.8	3.4	23.5
210	145	Jackson Bourne	208xd	.....	5.0	5.1	3.4	13.5
32	21	Jean (M.) Ind. 10p	22	.....	1.25	1.9	8.3	9.0
180	105	Jardine M. $HK5	122	+2	1092c	2.3	7.0	6.2
*48	13	Jeaks & Cattell	22	.....	21.0	—	6.5	—
306	187	Johnson Clnrs.	305	−1	17.7	2.3	3.6	17.0
315	227	Johnson Mthy. £1	315	+17	10.0	1.9	4.5	(10)
238	98	Johnston Grp. 10p	234	.....	4.0	4.2	2.5	9.5
87	64	Jourdan (T.) 10p	87	.....	5.25	0.6	8.6	(80)
48	35	Kalamazoo 10p	41	+2	2.5	0.9	9.0	17.7
170	135	Kelsey Inds.	140xd	.....	8.0	♦	8.2	♦
208	138	Kennedy Sm. 10p	208	.....	5.5	2.9	3.8	13.2
310	130	Kershaw (A.) 5p	130	.....	21.75	0.5	23.9	(21.3)
55	36	Klean-E-Ze Hldgs.	39	.....	13.0	0.2	11.8	—
68	44	L.C.P. Hlds.	58	+1	3.6	0.6	8.9	(30)
105	39½	L.R.C. Int. 10p	105	+2	13.1	2.8	4.3	17.6
46	27	Lawtex	30	.....	—	—	—	—
440	277	Lep Group 10p	375xd	+5	17.5	1.7	6.7	(11.0)
37	22	Lilleshall 10p	22	.....	12.5	—	‡	—
410	39	Lon. & Liv. 10p	352	.....	12.45	2.4	1.0	51.3
116	78	London & Midl'd	102	.....	7.75	1.1	10.9	(12.2)
62½	36	Lon. & Nthn. Grp.	57	.....	15.75	2.1	9.4	6.1
43	23	Lon. Prv. Health	38	.....	—	—	—	19.0
10	3½	Long Hmbly. 10p	8½	.....	—	—	—	—
56	36	Longton Inds.	56	.....	1.0	—	2.6	—
72	33	Lonsdale Univrsl.	65	.....	1.0	0.9	2.2	(11.3)

LEISURE—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
151	90½	Intasun 10p	96xd	+4	3.5	4.8	5.2
182	112	LWT "A"	141	.....	11.08	1.1	11.2
194	116	Leisure Inds.	194	+5	6.0	3.8	4.4
108	64	Leisuretime Int 10p	108	.....	0.9	2.8	1.2
130	80	Magnt. Ag. M. 10p	114xd	+2	8.75	♦	11.0
67	55	Medminster 10p	56	.....	4.0	0.8	10.2
275	105	Mirsaylo Int 20c	120	−5	—	—	—
185	33	Norton & Wri. 10p	75	.....	2.0	8.5	3.8
28	14	Owners Abroad	23¾	.....	0.35	4.4	2.1
65	46	Phonix (Lon.)	47	.....	3.5	3.8	[illegible]
500	149	Pleasurama 5p	485	+5	7.5	♦	2.2
113	88	Radio City 'A' NV	112xd	.....	5.6	♦	7.1
*141	82½	Riley Leisure 10p	141	+3	4.1	1.7	4.2
179	84	Saga Hols. 20p	89	+2	3.73	—	6.0
440	125	Samuelson 20p	345	.....	12.0	♦	5.1
107	76	Scott. TV 'A' 10p	98	.....	7.0	3.8	10.2
*43	21	SelecTV 10p	28	.....	—	—	—
18	13	TSW 5p	16	.....	0.9	3.3	8.0
52	28	TVS N/Vtg 10p	38	.....	—	—	—
100	55	Trident TV 'A' 10p	72½	+3	4.26	2.1	8.4
215	92	21st Century Del. Gp	180	.....	—	—	—
27½	16½	Webb (Jos.) 5p	16½	.....	0.51	2.2	4.4
93	69	Zetters 5p	82	.....	2.75	2.8	4.8

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 23

Companies and Markets

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling continues to lose ground

Sterling was again weak in currency markets yesterday. It finished at its worst level for over four years against the Swiss franc and Japanese yen and a three-year low against the Deutsche Mark. Its index fell to levels not seen since February 1979. There was a little recovery later in the day, with the Bank of England probably giving active support, on official denials by Saudi Arabia of any intention to lower the $34 oil price. With fundamentals basically unchanged from three months ago, sterling is beginning to look a little under valued, according to some sources.

The dollar showed mixed changes in featureless trading with the market still speculating on a possible cut in the U.S. discount rate.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5837. December average 1.6176. Trade weighted index 82.9 against 83.0 at noon and the opening and compared with 83.5 on Wednesday and 91.2 six months ago. Sterling remains weak against Continental currencies and the yen on fears of a worsening balance of payments and lower world oil prices. Higher London interest rates and the general weakness of the dollar have helped the pound recover from near an all-time low against the U.S. unit however — Sterling opened at $1.6210 against the dollar and fell to a low of $1.6055 before recovering at the close to $1.6080-1.6090, a fall of 1.35c. Against the D-mark it fell to DM 3.7750 from DM 3.8100 and FFr 10.7175 from FFr 10.8050. It was also weaker against the Swiss franc at SwFr 3.1525 from SwFr 3.1750 and Y369.25 from Y371.5.

DOLLAR — Trade weighted index (Bank of England) 117.1 against 121.6 six months ago. A change of emphasis towards fundamentals such as rising trade and budget deficits has pushed the dollar down recently. High interest rates had previously kept the U.S. unit firm, but the Federal Reserve discount rate and bank prime rates are now following a downward path—The dollar closed at DM 2.3470 against the D-mark, unchanged from Wednesday, but rose against the Japanese yen to Y229.60 from Y228.85. It was also higher against the Swiss franc at SwFr 1.9595 from SwFr 1.9570 but was unchanged in terms of the French franc at FFr 6.6625.

D-MARK—Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade-weighted index 129.3 against 124.5 six months ago. The D-mark is strong, helped by an improving balance of payments position and confidence in the Government's economic policy. It has benefited recently from the weakness of the dollar and sterling—The D-mark improved against the dollar in quiet trading at the Frankfurt fixing. The U.S. currently eased to DM 2.3475 from DM 2.3480, and then fell to DM 2.3445 shortly after the fixing, on news that the Bundesbank had left its credit policies unchanged. It is now hoped that the German central bank will reduce its key lending rates at the next central council meeting on January 20. The Bundesbank did not intervene at the fixing. Sterling fell to DM 3.7840 from DM 3.8110, and the French franc, Italian lira and Japanese yen also weakened.

DUTCH GUILDER—Trading range against the dollar in 1982-83 is 2.8190 to 2.4585. December average 2.6721. Trade weighted index 119.7 against 115.7 six months ago. Energy savings from natural gas have kept the Dutch balance of payments strong, and the guilder steady against the D-mark—The guilder was very firm at the Amsterdam fixing, improving against the dollar, sterling and the members of the EMS. The dollar fell to Fl 2.5915 from Fl 2.5995; sterling to Fl 4.1740 from Fl 4.2170; and the D-mark to Fl 1.1047 from Fl 1.10605.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.1864	+0.48	+1.61	±1.5501
Danish Krone ...	8.23400	8.09784	−1.65	−0.52	±1.6430
German D-Mark	2.33379	2.29529	−1.65	−0.52	±1.0888
French Franc ...	6.61387	6.50861	−1.59	−0.46	±1.3940
Dutch Guilder ...	2.57971	2.53504	−1.73	−0.60	±1.5006
Irish Punt	0.691011	0.691339	+0.05	+1.18	±1.6691
Italian Lira	1350.27	1324.77	−1.89	−1.33	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 6	£	$		£ Note Rates
Argentina Peso...	79,393-79,413	49,300-49,350	Austria..	26.40-26.65
Australia Dollar...	1.6305-1.6325	1.0135-1.0140	Belgium	77.50-78.50
Brazil Cruzeiro .	405.25-406.25	251.41-252.67	Denmark	13.27-13.40
Finland Markka..	8.4295-8.4450	5.2470-5.2490	France	10.68-10.79
Greek Drachma..	111.212-114.797	70.40-70.55	Germany	3.76-3.80
Hong Kong Dollar	10.46¼-10.48¼	6.5030-6.5100	Italy	2155-2210
Iran Rial	134.40*	82.50*	Japan	369-374
Kuwait Dinar (KD)	0.4630-0.4640	0.2880-0.2882	Netherlands	4.15½-4.19½
Luxembourg Fr.	74.40-74.50	46.29-46.31	Norway	11.17-11.29
Malaysia Dollar...	3.6850-3.6950	2.2910-2.2940	Portugal	145-170
New Zealand Dlr.	2.1875-2.1925	1.3595-1.3615	Spain	196¾-209
Saudi Arab. Riyal	5.5295-5.5370	3.4390-3.4410	Sweden	11.59-11.69
Singapore Dollar	3.3550-3.3650	2.0860-2.0880	Switzerland	3.14-3.17
Sth. African Rand	1.7200-1.7210	1.0695-1.0700	United States	1.60-1.63
U.A.E. Dirham	5.9025-5.9115	3.6710-3.6740	Yugoslavia	118½-123½

*Selling rates.

CURRENCY MOVEMENTS

Jan. 6	Bank of England Index	Morgan Guaranty Changes %
Sterling	82.9	−38.0
U.S. dollar	117.1	+8.6
Canadian dollar	98.8	−17.9
Austrian schilling	121.4	+30.0
Belgian franc	94.4	−2.0
Danish kroner	84.9	−9.4
Deutsche mark	129.3	+55.3
Swiss franc	152.6	+106.8
Guilder	119.7	+27.2
French franc	74.7	−19.0
Lira	53.6	−58.4
Yen	146.5	+40.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Jan. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.688440	0.607821
U.S. $	8½	1.10949	0.978691
Canadian $	10.05	*	1.20318
Austria Sch	4¾	n.a.	16.1381
Belgian F	11½	51.2584	45.1864
Danish Kr	10	9.18380	8.09784
D mark	5	2.60453	2.29529
Guilder	5	2.87524	2.53504
French F	9½	7.38366	6.50961
Lira	18	1501.97	1324.77
Yen	5½	254.184	224.880
Norwgn Kr	9	7.72205	6.81784
Spanish Pta	—	n.a.	122.099
Swedish Kr	10	n.a.	7.07766
Swiss Fr	4½	2.17427	1.91580
Greek Dr'ch	20½	n.a.	58.6482

*C$/SDR rate for Jan 5: 1.38574.

THE POUND SPOT AND FORWARD

Jan 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6055-1.6210	1.6080-1.6090	0.24-0.19c pm	1.60	0.64-0.59 pm	1.53
Canada	1.9720-1.9910	1.9785-1.9805	0.13-0.03c pm	0.48	0.32-0.27 pm	0.59
Nethlnd.	4.16-4.19½	4.17-4.18	2¼-1¼c pm	5.75	6-5½ pm	5.51
Belgium	74.20-74.70	74.40-74.60	25-35c dis	−4.83	65-85 dis	−4.03
Denmark	13.30-13.37	13.31-13.32	8¼-11ore dis	−8.90	24½-31½dis	−8.37
Ireland	1.1360-1.1405	1.1380-1.1390	0.46-0.59p dis	−5.53	1.16-1.38dis	−4.46
W. Ger.	3.76½-3.80	3.77-3.78	1⅞-1⅜pf pm	5.16	4⅞-4⅜ pm	4.90
Portugal	141.00-144.00	141.50-143.50	135-475c dis	−25.68	430-1415dis	−25.89
Spain	200.00-201.00	200.05-200.35	110-200c dis	−9.29	375-465 dis	−8.39
Italy	2,176-2,183	2,177½-2,179½	21-26lire dis	−12.94	72-80 dis	−13.95
Norway	11.19-11.24	11.20½-11.21½	9¼-11½ore dis	−10.97	27½-30 dis	−10.32
France	10.69-10.74½	10.71¼-10.72¼	8½-11½c dis	−11.20	31¾-36¼dis	−12.60
Sweden	11.62-11.67	11.65-11.66½	2⅞-4ore dis	−3.54	9¼-10⅞ dis	−3.54
Japan	368-373	368¾-369¾	1.40-1.20y pm	4.22	3.70-3.50 pm	3.90
Austria	26.50-26.65	26.53-26.58	10⅞-8⅞gro pm	4.46	29¼-24½ pm	4.08
Switz.	3.14-3.17	3.14½-3.15½	2¼-1⅞c pm	8.09	5⅞-5⅜ pm	7.14

Belgian rate is for convertible francs. Financial franc 77.75-77.85. Six-month forward dollar 1.08-1.03c pm. 12-month 1.65-1.55c pm.

THE DOLLAR SPOT AND FORWARD

Jan 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6055-1.6210	1.6080-1.6090	0.24-0.19c pm	1.60	0.64-0.59 pm	1.53
Ireland†	1.4130-1.4190	1.4130-1.4145	0.90-0.80c pm	7.20	2.20-2.00 pm	5.93
Canada	1.2280-1.2315	1.2305-1.2315	0.09-0.12c dis	−1.02	0.25-0.28dis	−0.86
Nethlnd.	2.5895-2.5965	2.5945-2.5965	0.90-0.80c pm	3.93	2.58-2.48 pm	3.90
Belgium	46.15-46.31	46.29-46.31	22-26c dis	−6.23	62-67 dis	−5.58
Denmark	8.2675-8.2850	8.2750-8.2850	4½-5½ore dis	−7.25	13¼-14¼ dis	−6.88
W. Ger.	2.3390-2.3550	2.3465-2.3475	0.69-0.64pf pm	3.40	1.99-1.94 pm	3.35
Portugal	88.00-91.50	90.00-91.50	100-300c dis	−26.67	300-900dis	−26.67
Spain	124.30-124.90	124.30-124.40	90-140c dis	−11.05	280-360 dis	−9.93
Italy	1,353-1,356½	1,354-1,355	16-18lire dis	−15.06	53-56 dis	−16.10
Norway	6.9675-6.9720	6.9640-6.9710	2½-3½ore dis	−5.16	8¼-9¼ dis	−5.02
France	6.6420-6.6685	6.6600-6.6650	6⅞-7⅞c dis	−13.07	22½-24 dis	−13.97
Sweden	7.2210-7.2400	7.2275-7.2375	0.80-1.30ore dis	−1.74	4.80-5.30dis	−2.79
Japan	229.00-230.60	229.55-229.65	0.54-0.47c pm	2.64	1.42-1.32 pm	2.39
Austria	16.40-16.52	16.49-16.50	4.70-3.90gro pm	3.13	13-10½ pm	2.86
Switz.	1.9450-1.9640	1.9590-1.9600	1.10-1.05c pm	6.58	2.78-2.73 pm	5.62

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 48.30-48.40.

EXCHANGE CROSS RATES

Jan. 6	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.609	3.775	369.3	10.718	3.153	4.178	2179.	1.980	74.45
U.S. Dollar	0.622	1.	2.347	229.6	6.663	1.960	2.596	1354.	1.231	46.29
Deutschemark	0.265	0.426	1.	97.81	2.839	0.835	1.106	577.1	0.524	19.72
Japanese Yen 1,000	2.708	4.356	10.22	1000.	29.03	8.538	11.31	5900.	5.361	201.6
French Franc 10	0.933	1.501	3.522	344.5	10.	2.941	3.895	2033.	1.847	69.47
Swiss Franc	0.317	0.510	1.197	117.1	3.400	1.	1.324	691.0	0.628	23.62
Dutch Guilder	0.240	0.385	0.904	88.44	2.567	0.755	1.	521.8	0.474	17.88
Italian Lira 1,000	0.459	0.738	1.733	169.5	4.920	1.447	1.916	1000.	0.909	34.17
Canadian Dollar	0.505	0.813	1.907	186.5	5.414	1.593	2.109	1101.	1.	37.61
Belgian Franc 100	1.343	2.161	5.071	496.0	14.40	4.234	5.608	2926.	2.659	100.

FINANCIAL FUTURES

Volume picks up

The gilt-edged contract attracted considerable attention on the London International Financial Futures Exchange yesterday, and trading in the short-sterling interest rate was also more active as both cash and futures markets reacted to the continued weakness of sterling on the foreign exchanges.

News in the afternoon that Saudi Arabia intends to maintain its oil price at $34 a barrel had a short-lived impact in the gilt pit, and the March closing price of 102-23 was near the day's low of 102-21, after the contract touched a high of 103-05, compared with the previous close of 103-20. Price movements reflected falls of over 1½ points in some long gilt cash prices.

Volume more than doubled in the short-sterling contract, although trading was generally in a very narrow range. The March price opened at 90.18, which was 19 points lower than the previous close, as a result of nervousness about the pound. After touching a peak of 90.23 it finished at 90.15, a fall of 22 points on the day, while the June contract lost 19 points to 90.07.

Eurodollar futures trading failed to show any strong reaction to the downward trend in the New York Federal funds overnight rate, although speculation continued that the authorities may soon cut the U.S. discount rate.

March Eurodollars opened at 91.11, some 7 points higher than the previous close, but after an early bullish undertone prices failed to maintain any upward momentum. Chicago opened in line with expectations, and Eurodollars for March delivery finished almost unchanged from the opening level, at 91.10, a rise of 6 points on the day. Market sources reported spread trading between the Eurodollar and short-sterling contracts.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	91.10	91.17	91.10	91.04
June	90.80	90.84	90.77	90.69
Sept	90.52	90.53	90.45	90.40
Dec	90.15	90.15	90.10	90.05
March	89.60	—	—	89.50

Volume 1,459 (614)
Previous day's open int. 2,556 (2,384)

THREE-MONTH STERLING DEPOSIT — £250,000 points of 100% [illegible]

20-YEAR 12% NOTIONAL GILT — £50,000 32nds of 100% [illegible]

STERLING £25,000 $ per £ [illegible]

DEUTSCHE MARKS — DM 125,000 $ per DM [illegible]

SWISS FRANCS — SwFr 125,000 $ per SwFr [illegible]

JAPANESE YEN Y12.5m $ per Y100 [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-24	77-02	76-17	76-26
June	76-06	76-14	75-30	76-07
Sept	75-22	75-29	75-16	75-23
Dec	75-09	75-17	75-05	75-11
March	75-02	75-08	74-28	75-02
June	74-27	75-01	74-24	74-27
Sept	74-22	74-28	74-19	74-22
Dec	74-17	74-23	74-14	74-17

U.S. TREASURY BILLS (IMM) $1m points of 100% [illegible]

CERT. DEPOSIT (IMM) $1m points of 100% [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% [illegible]

GNMA (CBT) 8% $100,000 32nds of 100% [illegible]

MONEY MARKETS

UK rates edge firmer

UK clearing bank base lending rate 10-10¼ per cent (since November 29 and 30)

Interest rates were slightly firmer where changed in the London money market yesterday. Three-month interbank money rose to 10 7/16-10 9/16 per cent from 10⅜-10½ per cent while six month sterling CDs were higher at 10 7/16-10 9/16 per cent compared with 10⅜-10½ per cent. Rates tended to edge firmer as sterling continued to lose ground in the foreign exchange market. However at the short end the Bank ensured a good supply of funds. Overnight money opened at 10¼-10½ per cent and eased in stages down to 10 per cent before falling away later in the day to finish at 1 per cent. Discount houses paid as little as 4 per cent for secured money.

The Bank forecast a shortage of £450m initially but revised it twice during the day, firstly to £500m and then £550m. Assistance in the morning totalled £500m comprising purchases of eligible bank bills at 10 per cent, £53m in band 1 (up to 14 days), £154m in band 2 (15-33 days), £82m in band 3 (34-64 days) and £211m in band 4 (64-84 days). Further help was given in the afternoon of £26m, making a grand total of £526m. The afternoon help comprised purchases of eligible bank bills at 10 per cent, £6m in band 3 and £20m in band 4. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills—£472m and Exchequer transactions—£60m.

In Frankfurt the Bundesbank left key lending rates and credit policies unchanged after yesterday's meeting of the central council. Earlier there had been some speculation in the market that the discount and Lombard rates would be reduced, given the current strength of the D-mark.

In Paris the Bank of France left its money market intervention rate unchanged at 12½ per cent when buying around FFr 10bn of first category paper from the market. Call money was higher however at 12¾ per cent from 12½ per cent. While the French franc has recently shown some improvement against the dollar, it is a little weaker against the D-mark.

LONDON MONEY RATES

Jan. 6 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1-10¼	—	—	—	7-10½	4-10¼	—	—	—
2 days notice	—	—	10⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10¼	—	—	—	—
7 days notice	—	10⅜-10⅝	10⅜-10½	—	—	10⅞	10-10¼	—	—	—
One month	10⅝-10½	10½-10⅝	10½	11⅛-11⅛	10½	10⅞	10-10¼	10 1/32-10 1/16	10 1/32	10 25/32
Two months	10 7/16-10 9/16	10½-10⅝	10 7/16-10½	11¼-10⅞	10½	10¾	10	10-10 1/32	10 1/32-10 1/16	10 23/32
Three months	10½-10 9/16	10 7/16-10 9/16	10⅜-10½	11⅛-10¾	10½	—	9⅞-10	9⅞	10 1/32	10 15/32
Six months	10 7/16-10 9/16	10⅜-10½	10⅜-10½	10¼-10	10½	—	—	—	9⅞-9 31/32	10½
Nine months	10 7/16-10 9/16	10⅜-10 9/16	—	10¾-10⅜	10½	—	—	—	—	—
One year	10 7/16-10 9/16	10⅜-10½	10¾-10⅞	10⅝-10¼	10½	—	—	—	—	—
Two years	—	—	10⅞-11¼	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive): 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞-11⅛ per cent; four years 11-11⅛ per cent; five years 11¼-11⅜ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10-10 1/16 per cent; four months trade bills 10⅝ per cent.

Approximate selling rate for one month Treasury bills 9 31/32-10 per cent two months 9⅞-10 per cent and three months 9¾ per cent. Approximate selling rate for one-month bank bills 10 1/32-10 1/16 per cent; two months 10 per cent and three months 9 31/32 per cent; trade bills 10 25/32 per cent; two months 10 23/32 per cent and three months 9 31/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10¼ per cent. London Deposit Rates for sums at seven days' notice 6¾-7 per cent.

Treasury Bills: Average tender rates of discount 9.7204 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 10⅝ per cent; one-three-month 10½ per cent; three-12-month 10½ per cent. Under £100,000 10¼ per cent from December 31. Deposits held under Series 3-5 10½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 6	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling	10¼-10⅜	10¼-10½	10⅜-10 9/16	10 7/16-10 9/16	10 7/16-10 9/16	10 7/16-10 9/16
U.S. Dollar	8⅝-8⅜	8¾-9	8¾-9	8 13/16-9 1/16	8⅞-9⅛	9⅛-9⅜
Can. Dollar	9-10	10¼-10¾	9¾-10	9¾-10	9¾-10	9¾-10
D. Guilder	5⅛-5¼	5⅛-5¼	5 7/16-5 9/16	4 15/16-5 1/16	4 15/16-5 1/16	5¼-5 7/16
S. Franc	1-1¼	1⅛-1⅜	2 1/16-2 3/16	3-3⅛	3 1/16-3 3/16	3 5/16-3 7/16
Deutschm'rk	5 1/16-5 3/16	5⅜-5⅝	5 7/16-5 9/16	5 7/16-5 9/16	5 7/16-5 9/16	5¾-5⅞
Fr'nch Franc	12½-13½	14-16	20-22	21-23	21-23	18½-19½
Italian Lira	16-19	20-23¾	21¾-24⅛	24-25½	23-23⅞	21⅛-22¾
Belg. Franc...						
Conv.	11½-13	12½-16½	14½-16	14¼-15¼	13¾-14¾	12¼-13
Fin.	11½-12	12-12¼	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜
Yen	6-6¼	6 1/16-6 3/16	6 1/16-6 3/16	6 1/16-6 3/16	6 1/16-6 3/16	6⅛-6⅜
D. Krone	18-18½	17⅞-18⅜	19⅛-19⅝	19¼-19¾	18¼-18¾	17½-18
Asia $ (Sing.)	9 1/16-9 3/16	9-9⅛	8 15/16-9 1/16	8 15/16-9 1/16	9⅛-9¼	9 5/16-9 7/16

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 6)

3 months U.S. dollars		6 months U.S. dollars	
bid 8 7/8	offer 9	bid 9	offer 9 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11-11½
Fed funds (lunch-time)	8¼-8½
Treasury bills (13-week)	7.94
Treasury bills (26-week)	7.96

GERMANY

Lombard	6.0
Overnight rate	5.95
One month	6.05
Three months	5.825
Six months	5.825

FRANCE

Intervention rate	12.5
Overnight rate	12.75
One month	12.625
Three months	12.5625
Six months	12.4375

JAPAN

Discount rate	5.5
Call (unconditional)	6.59375
Bill discount (3-month)	7.03125

SWITZERLAND

Discount rate	4½
Overnight rate	½-1
One month	2½-2⅝
Three months	3-3⅛

NETHERLANDS

Discount rate	5
Overnight rate	5½-5⅝
One month	5-5½
Three months	5½-5¾
Six months	5½-5⅝

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.65-8.75
Six months	8.65-8.75
One year	8.90-9.10

LONG TERM EURO $

Two years	10½-10¾
Three years	11-11¼
Four years	11¼-11½
Five years	11⅜-11⅞

SDR LINKED DEPOSITS

One month	9 5/16-9 11/16
Three months	9 7/16-9 13/16
Six months	9 7/16-9 13/16
One year	9¾-9⅝

ECU LINKED DEPOSITS

One month	11 13/16-12⅛
Three months	12-12⅜
Six months	11 13/16-12 3/16
One year	10 13/16-11 3/16

PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION
PROPOSED ACQUISITION OF ILLINGWORTH MORRIS PLC BY ABELE LIMITED

On 6 December 1982 Lord Cockfield, Secretary of State for Trade, referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973 the proposed acquisition of Illingworth, Morris PLC by Abele Limited. The Commission is required to make its report by 5 June 1983.

Any person or organisation wishing to give information or views on this proposed acquisition should write as soon as possible to:

The Secretary
Monopolies and Mergers Commission
New Court, 48 Carey Street
London WC2A 2JT

MIDDLESBROUGH BOROUGH COUNCIL £1,250,000 Bills issued on 5 January 1983 at a rate of 9 59-64ths to mature on 6 April 1983. Total applications were £5,750,000. There were £1,250,000 outstanding.

BURY METROPOLITAN BOROUGH £5,600,000 Bills issued on 6 January 1983 at a rate of 9 51-64ths to mature 7 April 1983. Total applications were £45,600,000. There were £5,600,000 outstanding.

CLEVELAND COUNTY COUNCIL £23,400,000 Bills issued on 5 January 1983 at a rate of 9 51-64ths to mature on 6 April 1983. Total applications were £135,600,000. There were £23,400,000 outstanding.

COMPANY NOTICES

NACIONAL FINANCIERA S.A.
US$100,000,000 FLOATING RATE NOTES 1978-1983

In accordance with the terms and conditions of the above mentioned floating rate notes the interest rate applicable for the period from January 7, 1983, to July 7, 1983 (181 days) has been fixed at 10 5/16% per annum.

Interest payable on each note of US$1,000 on July 7, 1983 against Coupon No. 11 will be US$[illegible].

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme, Fiscal Agent

CITY OF OSLO
7¾% 1972/1987 FF 100,000,000

We inform the Bondholders that the annual redemption of FF 3,750,000 due on March 1, 1983 has been effected by purchase on the market.

Amount outstanding: FF 68,750,000

The Principal Paying Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg, January 7, 1983

NOTICE TO NOTEHOLDERS
EXPORT DEVELOPMENT CORPORATION
U.S.$100,000,000
11⅞% Notes Series UU Due November 1, 1987

Pursuant to Section 3 of the Fiscal Agency Agreement dated as of November 1, 1982, we advise the exchange date in respect of the above issue is March 22, 1983.

Bank of Montreal
Fiscal Agent

CLUBS

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